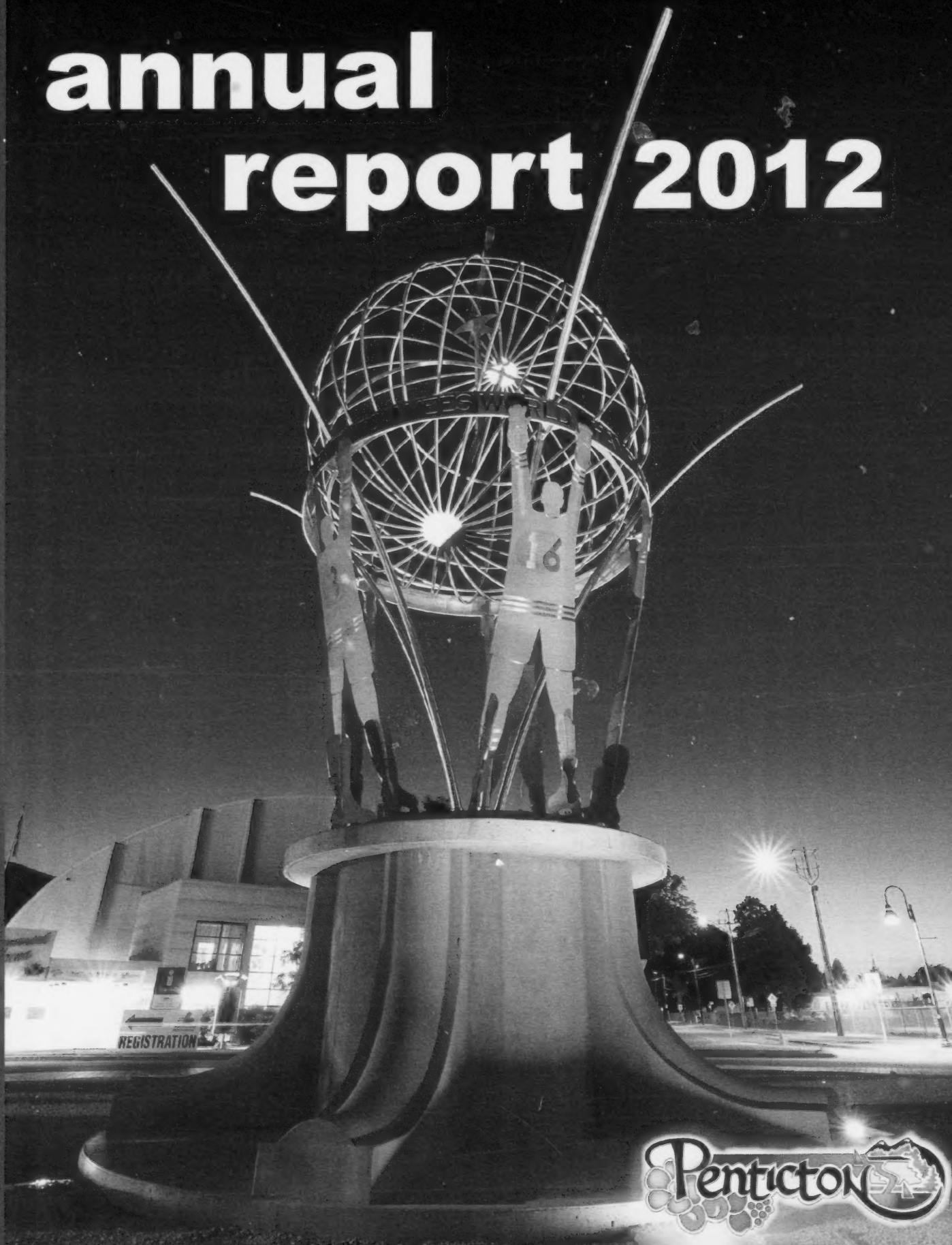
annual report 2012



The 2012 Annual Report for the Corporation of the City of Penticton was compiled, designed and edited by the Communications Department and Finance Division, in co-operation with all civic departments.

The City of Penticton greatly appreciates the relationships it enjoys with photographers, and the following images are a result of their contributions: Darren Kirby (cover), Chris Mason Stearns (page 1), Don Weixl (page 2), Darryl Letniuk (page 3), David Szabo (pages 4, 5, 27, 28), Danielle Hayes (page 11), Jodie Lemke (page 29).

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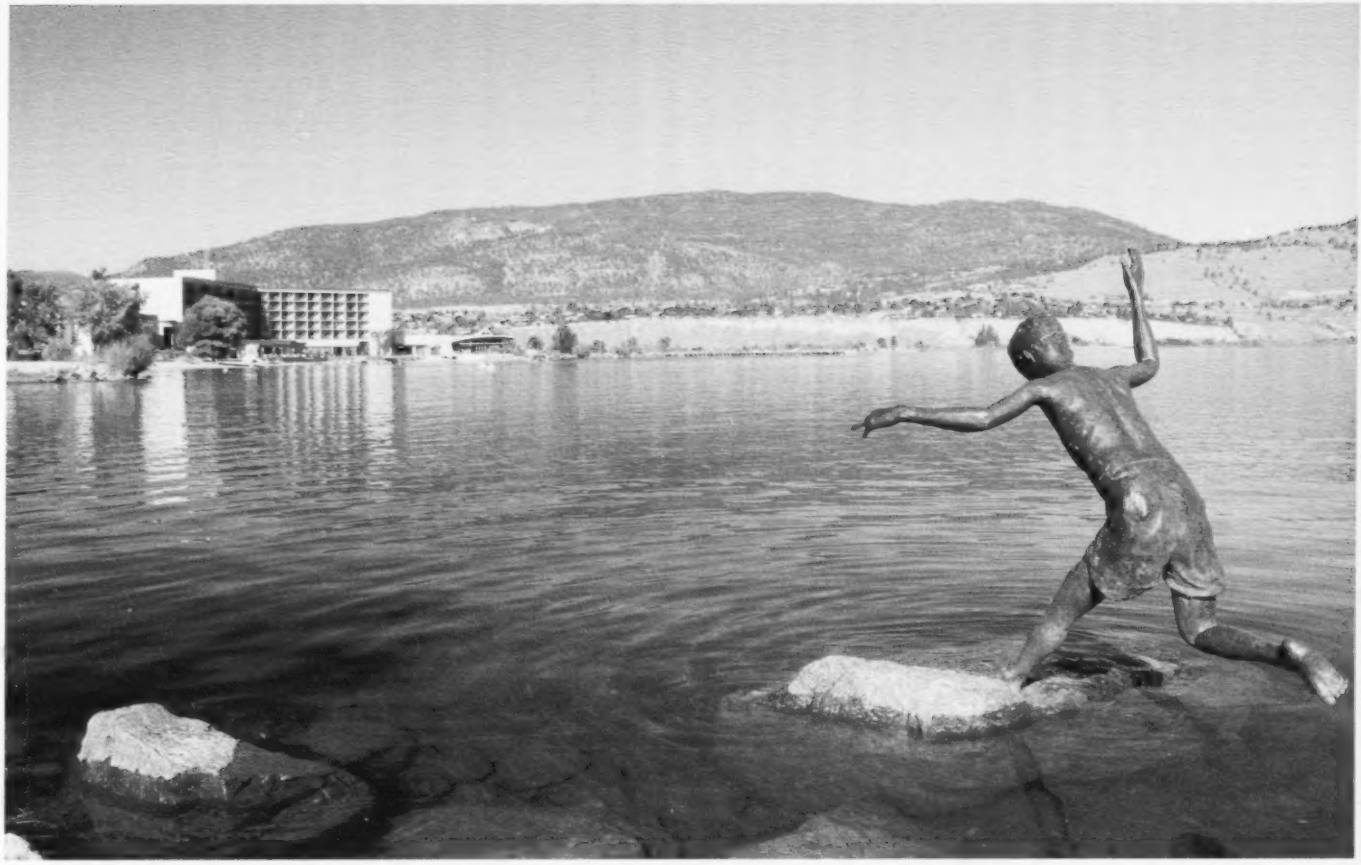
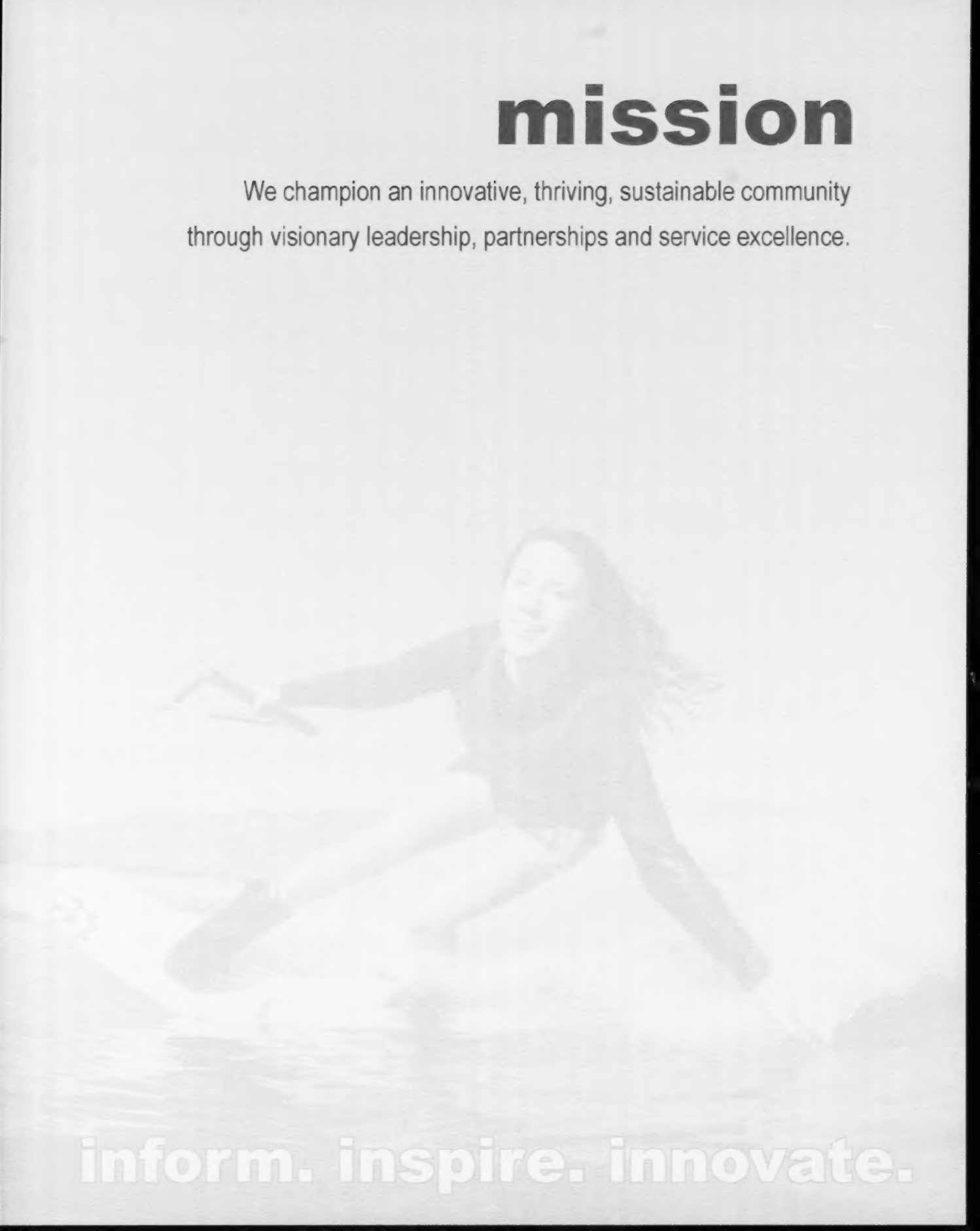


vision

Penticton is a vibrant, innovative, adventurous waterfront City focused on sustainability, community and economic opportunity.

mission

We champion an innovative, thriving, sustainable community through visionary leadership, partnerships and service excellence.



inform. inspire. innovate.

message from the mayor

Public input is extremely important to the City of Penticton, and 2012 was devoted to listening to what the citizens have to say.

Council is extremely proud of the work conducted in the past year, as the foundation was laid on Council's strategic priorities of Downtown revitalization and Waterfront enhancement. These two initiatives have been identified by Council as crucial first steps in realizing the community's vision of making Penticton a "vibrant, innovative, adventurous waterfront City focused on sustainability, community, and economic opportunity."

Separately, these two initiatives are significant projects that require incredible investment in City resources – and to move forward with both concurrently requires strategic planning and commitment on the part of all stakeholders, and this is why a significant amount of time and energy was spent in 2012 on identifying the priorities of residents, businesses and stakeholders.

Under the direction of the Downtown Revitalization Select Committee and the Waterfront Enhancement Select Committee, staff spent eight months conducting public consultation to gauge what residents wish to see in the downtown and waterfront areas. Staff worked evenings and weekends, meeting with people off-site to gain better understanding of what people value about Downtown Penticton and along the West Okanagan Lake waterfront. A variety of comments were received. Council would like to express gratitude to each and every individual who provided feedback, as those contributions were invaluable to the planning process.

For West Okanagan Lake, the walkway along Lakeshore Drive will be rebuilt – widened to allow even more individuals to walk along the stunning waterfront. Those with strollers and mobility challenges will find passage much easier, with a smoother concrete walkway to be built at road level – making it more accessible for all ages.

Focus was also placed on the heart of Penticton's commercial core, the Downtown. A design charrette held in the summer brought together more than 50 stakeholders to drill down to the essence of what makes Penticton unique, and what steps the City, land owners, businesses and partners could take to revitalize the area and kick-start investment in the Downtown. This intensive consultation session was remarkably successful, and helped staff develop a draft Downtown Plan – a living document with short- and long-term projects designed to build upon our community's vibrancy and economic sustainability.

Public consultation did not stop there. The City of Penticton initiated a Citizen Survey to establish a baseline of citizen satisfaction with City service levels and provision. Sixty-four percent of residents rated the overall quality of life in Penticton as excellent. This accurate and relevant data will help departments chart a course for the future.

Consulting with the public and understanding their desires is also what led the City of Penticton to put forward its third budget with a zero-per-cent increase. Our constituents have expressed that times remain tight, and keeping the costs for business and residents down is critical for Penticton – and this fiscal responsibility begins at City Hall.

Government functions best when it provides its services responsibly and with its customers constantly in mind. This year, the City of Penticton has listened intently to its citizens and constituents, yielding informed policy and direction that will shape the community in the future. Our ears are open, and this will continue into 2013 and beyond.

Dan Ashton
City of Penticton Mayor

council

Back row, from left: Councillor John Vassilaki, Councillor Wes Hopkin, Councillor Andrew Jakubeit, Councillor Garry Litke. **Front row, from left:** Councillor Judy Sentes, Mayor Dan Ashton, Councillor Helena Konanz.

message from the city manager

Service to Penticton citizens and businesses reached new heights in the City of Penticton, and this process included two key components: asking a lot of questions and working with great partners.

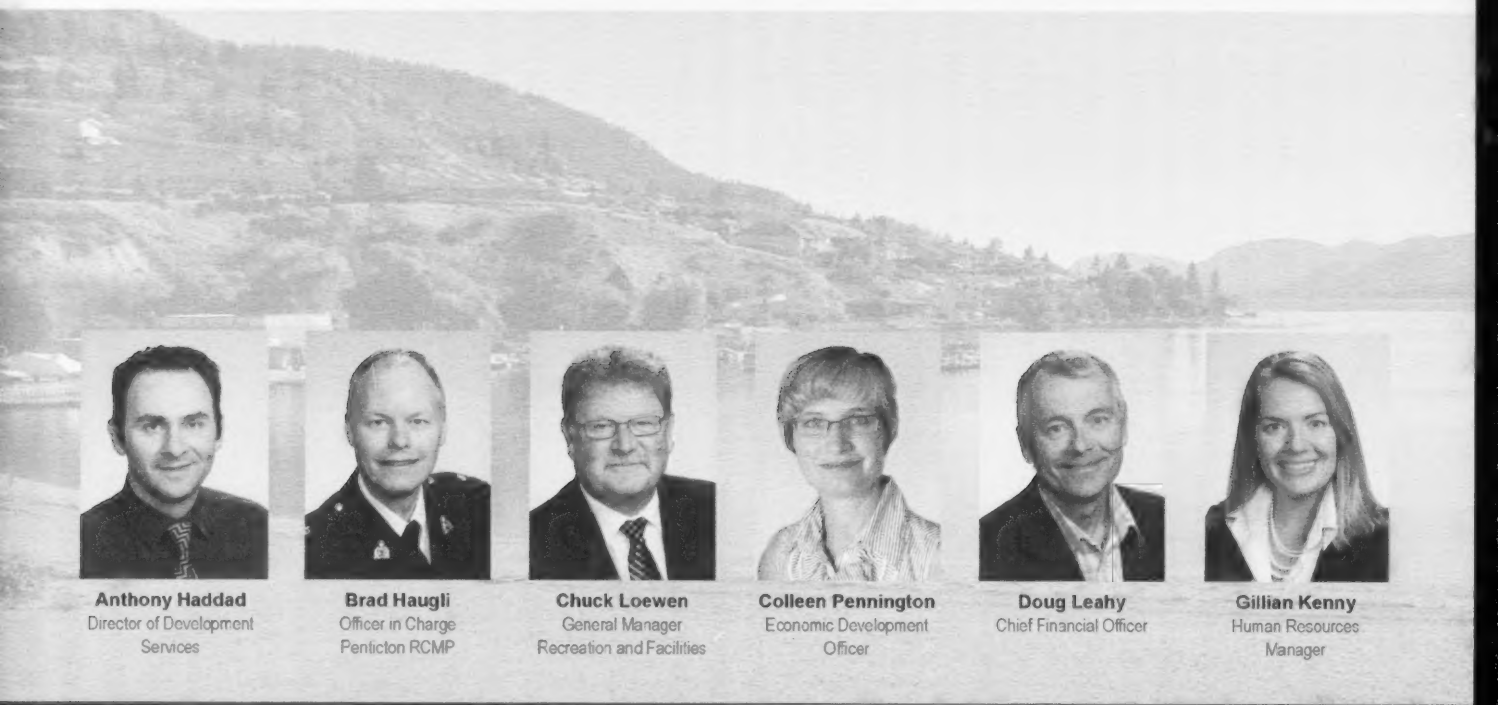
The City of Penticton took significant steps forward to realize Council's strategic priorities of Downtown revitalization and Waterfront enhancement – and both projects began when staff turned to residents and businesses and asked them what they wanted to see in the commercial core of the community and along Okanagan Lake.

Staff organized more than 20 events – everything from open houses and information booths to scavenger hunts and evening celebrations – to ask the public about their preferences for priority projects, designs and methods.

Stakeholders of both projects received special invites, to ensure the interests of neighbours, businesses and non-profit groups and associations were considered in the planning process. Thousands of pages were received back, detailing how the City could best serve them in creating a Vibrant Penticton.

Intensive collaboration yielded incredible results, with a summer design charrette featuring 50 stakeholders working alongside design experts and planners to chart the course for Downtown Penticton in years to come. The creative process benefits from community involvement, and the charrette stands out among the collaborative endeavours that produced the best answers after asking questions together.

Partnerships truly paid off for the City of Penticton in 2012. The Ellis Creek Park and Walkway project received a $47,250 LocalMotion grant from the Province of B.C., and the resulting greenspace transformed a former roadway into a centralized trailhead with improvements to a sensitive creek-side riparian ecosystem.



Anthony Haddad
Director of Development Services

Brad Haugli
Officer in Charge Penticton RCMP

Chuck Loewen
General Manager Recreation and Facilities

Colleen Pennington
Economic Development Officer

Doug Leahy
Chief Financial Officer

Gillian Kenny
Human Resources Manager

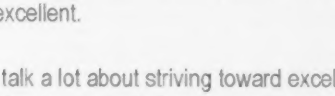
The City of Penticton was also selected by TD Friends of the Environment Foundation and Tree Canada to receive a $15,000 grant for its 2012 urban reforestation program. The funding helped the three-acre Skaha Park expansion program, which included planting 50 new trees and shrubs, replacing those hit badly in past windstorms. The Skaha Park project was another key piece on Waterfront enhancement, upgrading public space along the Skaha Lake waterfront in the south of the community.

We asked a lot of questions on the big projects, but also took the time to ask about smaller things, like day-to-day operations. In the fall, the City initiated its first Citizen Survey, which gave the service provided by staff a high satisfaction rating: 81% of respondents rated the friendliness and professionalism of staff as excellent.

We talk a lot about striving toward excellence, and these results show that staff's efforts are visible to the community. I am exceptionally proud of the work of our staff, and very happy our citizens recognize staff's commitment to quality service delivery.

City staff capped off this year with another incredible achievement, attaining a 0% tax increase for an unprecedented third year in a row after the 2013 budget was approved. We are dedicated to fiscal responsibility and always review our operations to ensure spending is in the best interest of taxpayers.

As we look to the coming year, we understand the challenges of prudent spending and financial planning will not decrease; however, we are committed to providing Penticton with service excellence and fiscal responsibility, and I look forward to seeing progress on both fronts in 2013 and beyond.



Annette Antoniak
Chief Administrative Officer, City of Penticton

Karen Burley
Corporate Officer

Kristin Wilkes
Manager of Information Technology

Mitch Moroziuk
Director of Operations

Simone Blais
Communications Officer

Wayne Williams
Fire Chief

strategic priorities

Vibrant Penticton has been more than just a revitalization project: it has marked our community's time to shine.

Council has articulated the City's vision as: "Penticton is an innovative, adventurous waterfront City that focuses on sustainability, community and economic opportunity." Our elected officials also indicated that the City of Penticton would focus on two strategic priorities throughout the next three years: revitalizing the Downtown and enhancing the local waterfronts.

The history of the City of Penticton is inextricably linked to its downtown areas. As the townsite and its capacity grew in the early 1900s, Penticton's population increased. With additional people, the area attracted vital amenities like the Kettle Valley Railway – which, in turn, fuelled growth in the commercial heart of the town. This cycle amplified after the Second World War, when returning veterans sparked a wave of construction and large infrastructure projects.

For a half century, the City, its residents, businesses and visitors from across the globe have capitalized on those investments. Our history shows that when we invest in our downtown areas, vibrancy emerges in spades.

The City now looks to the future. Downtown areas need rejuvenation to ensure the cycle of growth, investment and prosperity in the community continues. It is time for Downtown Penticton to shine. The Downtown Revitalization Select Committee was struck with the mandate to provide recommendations to Council on improving the downtown areas.

We have embarked upon this change together. The City of Penticton listened to its residents, businesses and stakeholders during public engagement sessions in 2012, to develop a downtown revitalization plan that has widespread support in the community. This will ensure the next chapter in the downtown's history will serve the community for generations to come.

The Waterfront Revitalization Select Committee was tasked with reviewing three separate areas: West Okanagan Lake, East Okanagan Lake and Skaha Lake.

There were extensive public engagement opportunities for residents and stakeholders to provide input. Based on hours of consultation and pages of feedback, the City of Penticton developed a plan for the West Okanagan Lake waterfront from The Peach to the SS Sicamous. The plan includes elements like: improving the walkway to four metres wide consistently, raised path to the road level, Peach Plaza features, improved access for the mobility challenged to the beach and water, permeable surfaces in some areas to protect tree root systems, maintained angle parking and two-way traffic and highlighting the natural beauty of the Ponderosa pines along the beach. The coming year will prove to be an important one for the waterfront project, as two-phase construction begins to make the vision for the area come to life.

Skaha Lake improvements were also undertaken, with promenade lighting upgraded to LED and more than 50 trees planted in Skaha Lake Park as part of an urban reforestation program.

Penticton has a vibrant spirit at its core, and 2012 served as an important year to chart the course on the future for the community, and truly allow that vibrancy to shine through.

awards

energy efficient

The City of Penticton has been recognized by FortisBC for conservation efforts during the 2012 FortisBC PowerSense Conservation Excellence Awards. The City of Penticton was named for a Conservation Excellence Award for saving 300,000 kWh through a number of different energy efficient upgrades.

FortisBC considered the City of Penticton's Advanced Waste Water Treatment Facility among those highly efficient facilities. Council considered designs for the $24 million upgrade to the City's wastewater plant, and directed staff to go as green as possible. The new plant and accompanying administration building have a number of energy efficient features, including heat pump technology that heats the main building with waste water, three HVAC units with heat recovery, high-efficiency fan motors, new primary tanks that capture more solids and reduce load and an administration building designed to LEED Silver standard.

The City also replaced 18 100-watt lights along the Skaha Lake promenade with new LED lights. The new lights are crisper and more modern, as well as being significantly more energy efficient. Old style T12 fluorescent lighting was upgraded in a number of City facilities to T8 lamps and electronic ballasts.

At the Penticton Art Gallery, a new high-efficiency, natural gas boiler means lower energy bills and a more comfortable work space for employees. The gallery needs consistent humidity levels and the old boilers constantly needed repairs.

business friendly

The City of Penticton was named among the top 50 entrepreneurial cities in Canada by the Canadian Federation of Independent Businesses.

In its fifth edition of its Communities in Boom: Canada's Top Entrepreneurial Cities report, the CFIB studied municipalities having populations of 25,000 or more and ranked them based on 14 indicators.

The indicators are grouped into three main categories: presence, perspective and policy. Presence includes the representation of the scale and growth of business ownership, as well as industrial diversity, while perspective covers indicators associated with optimism and growth plans. Policy indicators reflect the actions local governments have taken with respect to business taxation and regulation.

The City of Penticton was ranked 42 out of 103 mid-sized communities in Canada, with a score of 50 out of a possible 100 points, and a strong score in presence. The top entrepreneurial city, Grande Prairie, earned just 65 points.

Penticton was the third-most entrepreneurial city in B.C., ranked ahead of Abbotsford (51) and Vancouver (94). Penticton finished ahead of larger centres like Montreal (71) and Ottawa (73), in addition to out-performing other cities from the B.C. Interior, including Vernon (52), Kamloops (69) and Cranbrook (90).

city of penticton by the numbers

12,000 Museum artifacts recatalogued and photographed last year

143 kilometres of sidewalks Penticton has in the community

75 acres of turf mowed by the Parks Department

217 kilometres of roadway are maintained by Public Works

3,160 street lights are maintained by the Electric Utility

17,143 active electrical meters are read monthly

25 kilometres of trails and walkways are maintained in the City

38 traffic signals in Penticton

88,000 peak capacity of the Water Treatment Plant, measured in cubic metres

11,000 average amount of waste water treated every day, in cubic metres

CITY
HALL

Administrative teams provide a variety of services, including updating the new Council Chambers audio system, promoting community celebrations like the Rick Hansen Anniversary Relay, showcasing local youth like honorary councillor Richter Heintz, and organizing special meetings for public consultation.

administration

Providing service to both the corporate organization and the community, there are five departments that are integral to supporting effective and efficient municipal services internally and externally to residents, businesses and stakeholders.

The Corporate Administration department is the primary link between City Council, staff and the community, responsible for providing administrative support to Mayor, Council and the committees; organizing the agendas and minutes for Council and committee meetings; maintenance and access to corporate records including City bylaws; and local government elections.

The Communications department provides support to improve the effectiveness of internal and external communications, including advertising, marketing, media relations, public consultation, monthly newsletters, design guidance and assistance with strategic priority initiatives.

The Finance Division provides long-term financial planning, annual budget development, investments, accounting, treasury and cash management and statutory reporting. All purchasing requirements such as tenders and purchase orders are coordinated through this division. Finance Division staff also calculate and levy property taxes, water and sewer billing, electric utility billing and collection of other payments to the City for items like licences, permits and fines.

The Human Resources department balances the needs of its customers – City managers, supervisors and employees – by developing and managing corporate programs like recruitment, labour relations, collective bargaining, training, staff development, health and safety, payroll and benefits. The department also fosters good health and wellness among employees through the Wellness Opportunities in the Workplace (WOW) program.

The Information Technology department brings an enterprise focus to the delivery of services and business solutions to enable the efficiency and effectiveness of City resources. The department ensures the protection and privacy of our citizen, business and government information by implementing IT security solutions of high quality.

by the numbers

129 committee meetings were held
87 bylaws were administered
More than 111,000 transactions were processed
More than 204,000 monthly bills sent to utility customers
More than 13,000 visitors to the website

The live fire training prop at Station 202 (left) was upgraded in 2012, allowing Penticton Fire Department members to undergo critical training that is true to life.

fire

The Penticton Fire Department is a dynamic, professional organization consisting of a team of 37 full-time career personnel and 33 auxiliary members who respond to emergency calls from two stations within the City.

The department's business, financial and statistical operations and administrative processes are performed by the fire chief and a deputy fire chief.

Training is an important element of department work, as firefighters require the skills and knowledge to respond appropriately in a range of situations when citizens are at risk. Drill sessions range from recruit firefighter and fire officer training, to specialty training in technical rescue, first responder and live fires. These are co-ordinated primarily by the deputy chief and supplemented by career firefighters with JIBC education.

The fire prevention team provides services that include inspections, investigations and public education to enhance awareness of fire and life safety issues. In accordance with the B.C. Fire Code, B.C. Building Code and Fire Services Act, fire inspectors enforce regulations as local assistants to the Office of the Fire Commissioner.

In 2012, the Fire Department successfully recruited 13 new auxiliary firefighers and put its Station 2 training building, donated by Britco, into operation, which is used to train both firefighters and RCMP staff. The PFD also offered its training expertise to those in the community, with more than 110 people participating in fire extinguisher training sessions. Activities also contributed $7,400 in operational revenue from regional rescue response and burning permits.

The department is taking on several new initiatives for 2013. Swift water and ice rescue have been identified as necessary skills for members and have been added to the training schedule in the coming year. Suppression crews will also receive training on fighting fires involving combustible dust.

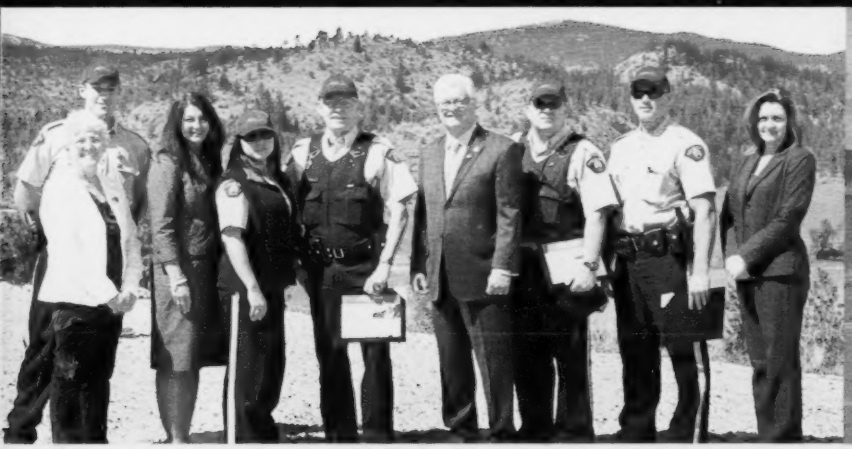
A strategic plan based on recommendations from its service review will be developed in 2013, and a fee schedule relating to inspections will be implemented. Agreements relating to First Responder and Penticton Indian Band fire protection will be finalized.

The PFD will also invite leaders in its field to Penticton in 2013 when it hosts the B.C. Training Officers Conference and the B.C. Fire Chiefs Conference.

by the numbers

Crews responded to 3,088 calls
282 fire alarms were activated
2009 fire inspections were conducted
More than 10,000 people received fire education

RCMP GRC



Penticton RCMP members are proactive in ensuring community safety with targeted efforts in impaired driving checks and visible bike patrols during warm weather.

RCMP & policing

Penticton is committed to delivering efficient, responsive and innovative policing to all citizens of the detachment area. Policing priorities, confirmed by dialogue with the citizens of Penticton, include ensuring safe roads; reducing the abuse of drugs and alcohol; safety for our youth; and safer, healthier Aboriginal communities. The Penticton RCMP is dedicated to working alongside partners and stakeholders to achieve these goals. These goals require community support and are not achievable by police alone. Prevention is the key to a healthy community. The Penticton RCMP is very proud of the commitment of all its employees to policing excellence.

The detachment focus is on proactive measures to reduce crime and ensure the safety of all citizens of Penticton. Through the use of technology, innovative crime reduction and community policing programs focusing on building relationships, the RCMP in Penticton will continue to deliver on its commitment to support a safe and vibrant city. Through innovative programming and partnerships, targeting prolific offenders and the use of crime reduction strategies, all members of the Penticton RCMP are committed to making Penticton the safest and healthiest community in which to live, work and raise a family.

In 2012, Penticton RCMP responded to 4,472 reports of founded Criminal Code offences, including 325 break and enters, 162 stolen vehicles, 581 vehicle break-ins and 21 robberies. Priority enforcement areas also saw significant success. Police investigated 247 drug offences resulting in 145 charges forwarded to Crown Counsel under the Controlled Drugs and Substances Act. More than 270 impaired drivers were taken off the road. The Community Safety Team conducted more than 400 curfew and conditions checks on local offenders.

The Penticton and Summerland Victim Services Program provided direct support to 289 clients, with more than 284 hours devoted to court support – a 33% increase over 2011. The program's dedicated volunteers also gave over 265 hours to the community.

The Penticton RCMP continues to partner with numerous community organizations and resources. In the year to come, the detachment will focus on the goals of reducing the abuse of drugs and alcohol, traffic safety as well as the safety of children and youth. Initiatives like addressing drug interdiction, enhancing marine safety and fostering strong relationships with School District 67 are designed to improve safety in the community.

by the numbers

Crime Stoppers received 190 tips
Citizens On Patrol logged 2,000 volunteer hours
Lock Out Auto Crime volunteers wrote 6,000 notices
More than 50 restorative justice files were completed

The Electric Utility handles all City electrical infrastructure and equipment, large and small. Staff responded to a variety of customers needs, including coming to the aid of a neighbourhood cat who ventured too far up a power pole (above centre), proving that no call is too small.

electric utility

The Electric Utility is responsible for providing safe, efficient and reliable electrical service to residential, commercial and industrial customers within the municipal boundaries of the City of Penticton. The electrical system is comprised of four substations distributing power to customers through a network of 17 feeders operating at either 8,000 volts (8 KV) or 12,000 volts (12 KV). Utility staff is responsible for operating and maintaining electrical infrastructure, including power poles, overhead lines, switchgear, substation distribution equipment, transformers, underground cables and metering equipment. The Electric Utility also oversees street light infrastructure and traffic control equipment.

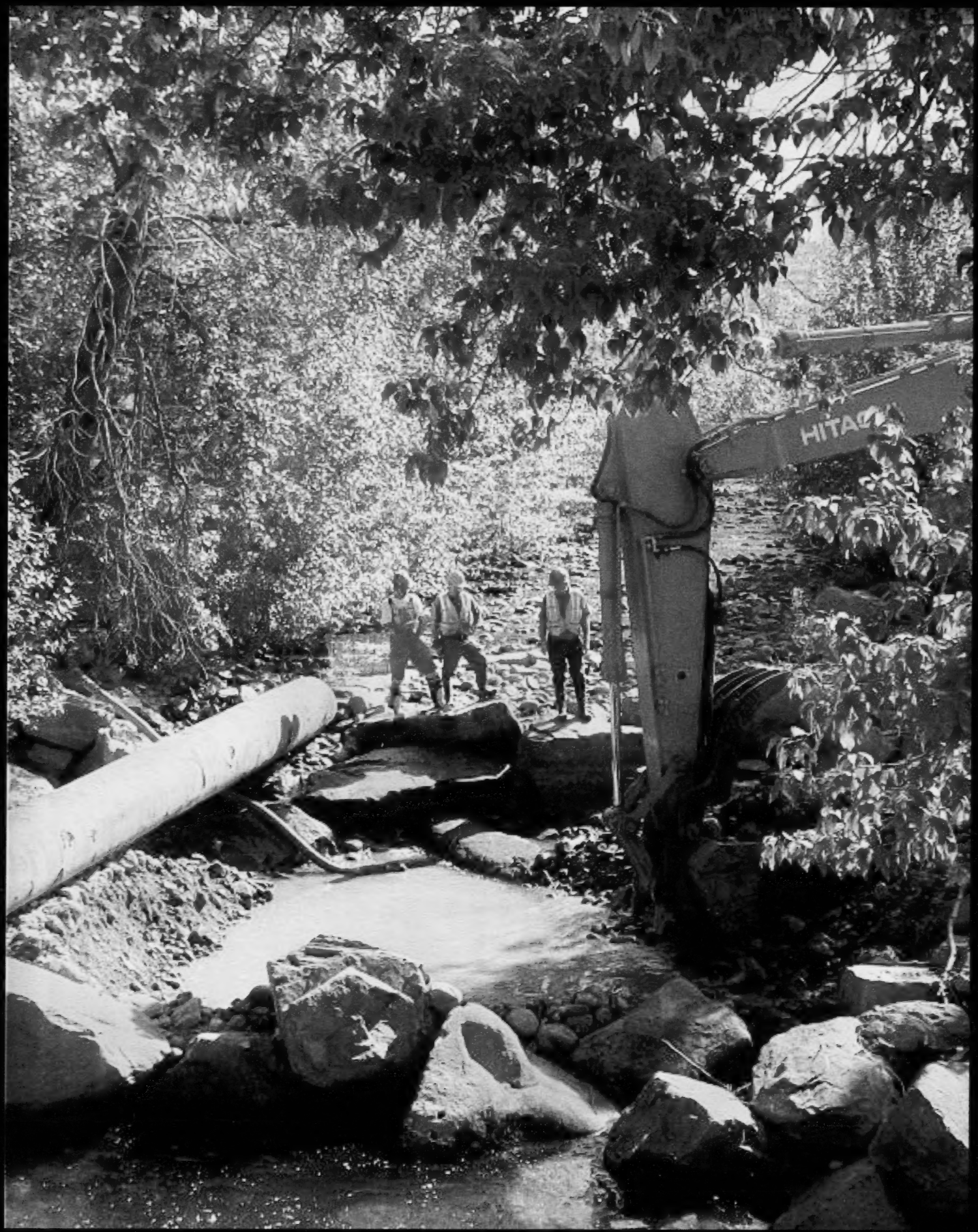
In 2012, the Electric Utility continued implementation of operating and capital projects as per the Electric Utility Master Plan completed in 2011. The plan outlines current and future operational and capital work plans and budgets, and ensures that the Utility will continue to provide a safe and secure power source for citizens and be able to accommodate future load growth resulting from development or densification.

Projects addressed in 2012 included installing a voltage regulator bank on Middle Bench Road; 11 new gang switches on distribution feeders; replacing aging overhead copper conductors at more than 30 locations; completing pole tests and assessments throughout the system; overhauling four reclosers at Carmi Substation; completing the automated meter reading project; installing decorative LED street lights along the Skaha Lake promenade; and continuation of the voltage conversion project that will see distribution voltage increase from 8 KV to 12 KV. The Electric Utility also completed a pre-feasibility study for micro-hydro power generation.

In 2013, the Electric Utility will continue to implement projects scheduled in the master plan. A key goal of the master plan is to expand the 12 KV distribution system in order to reduce feeder loading and ensure backup capacity is improved to current industry standards. A major project associated with this goal is the upgrade of the Westminster Substation, tentatively scheduled for late 2014. Utility staff are focusing voltage conversion resources on feeders directly affected by the conversion. The Electric Utility will also undertake a list of projects that includes overhauling five reclosers at Huth Substation, upgrading conductors in the Main Street alley, installing uninterruptible power supplies at five traffic signal intersections, adding two feeder ties to enhance backup capability and completing Phase 2 of the micro-hydro feasibility study.

by the numbers

The City maintains 160 km of overhead power lines
The system includes 77 km of underground cable
There are 4,165 power poles in the City
Stop! Go! Drivers encounter 38 traffic signals


HITA

Engineering and Public Works staff were involved in a variety of projects this year, conducting creek repair, dam upgrades and underground infrastructure replacement, in addition to planning the 2013 projects to come.

engineering & public works

Engineering and Public Works are responsible for the provision of safe, reliable, municipal services and planning to promote and support a healthy environment and vibrant community.

The Engineering department consists of a design group, Advanced Waste Water Treatment Plant and Water Treatment Plant.

The design group provides professional engineering advice and planning, design and construction management for infrastructure upgrades. Design group highlights in 2012 include completion of the bicycle network plan, the annual capital works program and extensive public consultation on the West Okanagan Lake Waterfront project and Downtown revitalization. This coming year, the group will focus on Council strategic priorities, infrastructure upgrades and specific projects like storm pond upgrades and implementation of the bicycle network plan.

The Advanced Wastewater Treatment Plant treats between 10,000 and 16,000 cubic metres of waste water each day, with a peak capacity of 27,000 cubic metres per day. Staff is responsible for the operation and maintenance of the treatment plant and 10 lift stations and the generation and disposal of safe by-products. Highlights from the past year include the $24 million upgrade to plant process equipment and equipment optimization initiatives. Next year, the plant staff will replace and update other elements of the facility.

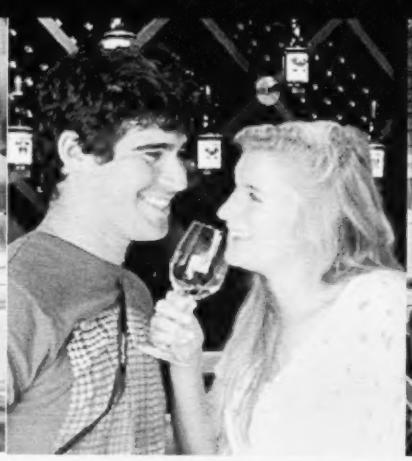
The Water Treatment Plant treats between 8,200 and 37,000 cubic metres of water every day with a peak capacity of 88,000 cubic metres per day. Staff is responsible for the operation and maintenance of the treatment plant, five pumping stations and six reservoirs. A watershed study started in 2012, and this coming year, plant staff will work on equipment optimization initiatives, completion of the watershed study and water provision to West Bench residents.

The Public Works Department is responsible for the operation and maintenance of City infrastructure, and maintenance of the corporate vehicle and equipment fleet, solid waste and recycling collection, the public transit system, and the operation of the bio-solids composting facility. Highlights from 2012 include sidewalk installation on three streets, KVR Trail surface upgrades, gate replacement on Greyback Dam, a major upgrade to Penticton 2 Dam and upgrades to the water meter system. Next year, Public Works will improve high-profile bike lanes, dam structures at Ellis Creek, protect Penticton Creek from erosion and procure fleet equipment.

by the numbers

The City operates and maintains 6 dams
375 km of utility pipe for water, sewer and storm sewer
957 fire hydrants
Water meters total 8,465 on the domestic system
16,935 water, sewer and storm sewer connections
217 km of roads

354



The Economic Development Office supports the success of industry clusters, including Penticton's vibrant manufacturing sector, as well as easing the way for entrepreneurs to operate their business within the community.

economic development

As the advocate for Penticton business, the Economic Development Office provides a visible and efficient point of contact for entrepreneurs and businesses to gather information on the City, region and community resources.

Success on Economic Development work can be measured by whether Penticton is the preferred location for key industry and entrepreneurs to operate and to relocate to, as well as the growth of local businesses. Using measurements such as business licences and year-over-year business retention, the Office and community can monitor and track progress.

Highlights in the Penticton business community from 2012 include Britco securing its largest contract in 35 years, Waycon and Greyback building a cutting-edge space telescope, Penticton CoWork opening and providing a flexible work environment, and Landmark Cinemas opening a new facility in the downtown core.

Through 2012, a strategic plan was completed in consultation with Council and community leaders. The plan resulted in identifying and prioritizing nine key strategies. In support of Downtown revitalization and Waterfront enhancement, Economic Development furthered associated economic and business needs with tenant attraction for a public market and analysis of the hotel sector.

Key priorities focused on supporting the success of existing clusters of industry, particularly Penticton's robust manufacturing sector, as well as removing roadblocks for entrepreneurs and building the long-term potential for virtual occupations.

A highly visible part of the work was to support the funding of the Penticton Hospital's Patient Care Tower. This project will be one of the region's largest generators of economic activity and provide years of employment for trades and construction. The long-term impact of the new tower would be the retention of key health-care professionals. Work was conducted to raise the profile of the project.

A second part of the economic mandate is resident growth and retention. Penticton is striving to increase population and provide a great quality of life for all ages, while respecting the culture of the community. This mandate envisions Penticton as the home for highly employable and skilled residents and their families. To achieve this goal, the area needs to attract, nurture and retain entrepreneurs who operate businesses from this location. Penticton is also focused on attracting more fly-in, fly-out workers to make Penticton home for themselves and their families.

by the numbers

Business licences total 2,364

25 to 29 year olds is projected to be the fastest growing age group in Penticton in the next five years

Vision Active, inspiring, learning, contemplative, beautiful, safe
Policies
Park Uses?
CULTURAL
VISION:

Development Services worked intensively with the community to develop a Downtown Plan. Building and Planning saw a significant increase in commercial development, including the new Landmark Cinemas in Downtown Penticton.

development services

The Development Services Division is responsible for development and regulation within the City of Penticton, working toward making the City of Penticton a vibrant, sustainable and safe City for our residents and visitors. The department contains the building, bylaw, business licence, land management, climate action, planning and land use and development engineering functions of the organization.

The Building Department promotes the health, safety, and welfare of our citizens and works with developers and contractors in achieving their goals in conjunction with other City departments. The department saw steady activity in 2012, with permit numbers consistent with those in 2011 and a significant increase in construction value due to new commercial development.

Significant building projects in the community in 2012 included the new Landmark Cinema in Downtown Penticton, Real Canadian Superstore and the expansion of Wal-Mart. An increase in smaller multi-family developments was promising for the local economy, while single-family dwelling construction remained relatively slow. In 2013, the department will spend considerable time and effort on educating the community and development industry on the 2012 B.C. Building Code changes.

The Bylaw Enforcement Department provides the citizens of Penticton with a variety of services related to regulatory issues. Bylaw officers work primarily on a reactive, complaint-driven, basis. Bylaw enforcement is committed to the delivery of professional bylaw enforcement in a timely and effective manner, and in accordance with Council direction. Last year saw the implementation of the Good Neighbour Bylaw, and staff was active in the enforcement of unsightly properties.

The Planning Department processes land development applications and provide professional advice to Council on land use planning issues and long-range planning. The Planning Department had an exciting year in 2012 developing the Downtown Plan, which outlines how the City can act on Council's strategic priority of revitalizing Downtown Penticton.

Plan implementation in 2013 begins with a number of proposed policy changes and capital works projects to enhance the streetscapes within the downtown core. Planning Applications remained consistent in 2012 and with the planning department taking on sign permit application reviews, turnaround timelines for the planning process remained short.

by the numbers

156 sign permit applications were processed
Commercial construction value topped $22 million
145 permits were issued for renovations and additions

Penticton parks and beaches are among the community's most prized assets, and the Parks Department considers all ages and abilities when putting together projects like mobility challenged beach access (left), off-leash dog areas (top right) and reforestation programs like the tree planting at Skaha Lake Park.

parks

The Parks Department is a branch of the Public Works Department responsible for the development, operation and maintenance of the parks, beaches, sports fields, trails and cemeteries within our community.

Parks, beaches, sports fields and trails are among Penticton's most treasured assets and an important element of the community's superb quality of life, providing beauty and tranquility in the community. Sun seekers can enjoy miles of warm, sandy beaches and water sport enthusiasts can satisfy their every need. Paved walkways and cycle paths along Okanagan and Skaha beaches or the Kettle Valley Rail Trail attract joggers, cyclists and hikers. Lush parks, high quality sports fields and tennis courts provide endless hours of outdoor fun.

The Parks Department supported more than 40 major special events and tournaments, facilitated multiple volunteer tree planting events, revised the gifting and grant program and was recognized in the 2012 Penticton Citizen Survey as providing an overall high standard of care on the diverse infrastructure.

Capital improvements in 2012 included the installation of the Elm Avenue Park development at Skaha Lake, the installation of a mobility challenged access to Skaha Beach, the refurbishing of the Skaha Beach Sundial, the completion of the Ellis Creek Trailhead Park and off-leash dog area.

The year ahead will include the development of a new natural playground and seniors' fitness area within Skaha Park, the development of a new park space at the Marina Way Lookout at Okanagan Lake and the KVR Trail, improvements to the existing tennis facilities and the Penticton Rose Garden. Lakawanna Park playground surfaces will be upgraded to a higher standard to enhance the safety of the children. The department will also complete the master planning process for local cemeteries, with upgrades of existing infrastructure.

by the numbers

365 acres of open public space are maintained annually
75 flower baskets are supplied and maintained downtown
Kids play on 7 playgrounds and 2 waterparks
Parks maintains 16 sports fields
There are 110 separate irrigation systems
Dogs run free in 6 off-leash areas

The Recreation Department promotes and contributes to a healthy community and enhances the quality of life for residents and visitors of Penticton, through planning, management and delivery of recreation, sport, events and active living opportunities.

recreation

The Recreation Department is responsible for recreation programs and services of the Penticton Community Centre, expanded aquatics facility and outreach programs in the community. The department is also responsible for McLaren Arena programs and bookings as well as co-ordinating bookings of the City's parks, fields and Cleland Theatre.

In 2012, staff developed a three-year strategic plan with the objective to deliver exceptional programs and services that attract, capture and retain customers for a cost recovery of 30% and increase net participation while ensuring access for everyone. The department had an extremely successful year realizing revenues of more than $1.8 million and a cost recovery of 33%.

The fitness room was upgraded with $40,000 of new equipment including the addition of a treadmill, upright bike, stationary bike, various weight equipment, stretching bench, ergometer and strength accessories. The resulting fitness room maintains amenity levels suitable for a community centre, yet offers more fitness and cardio options to customers and increases accessibility for seniors and persons with disabilities.

Further revenue generation was achieved with leasing space and partnering with local businesses and organizations including Dale Charles Physiotherapy, Impact Multi-Sport Training, KISU and Ryan Vending. The department also maximized potential revenue from the Cleland Theatre.

In 2013, the Recreation Department will continue fiscal responsibility through increasing participation, maximizing revenue and minimizing expenses, while also removing barriers to create access to recreation for everyone in Penticton. Some 2013 projects include the implementation of the Recreation Citizen Survey, launch of the Active membership program, full review of fees and charges, coordination of the inaugural Penticton Indoor Triathlon, expansion of accessibility programs, and the implementation of collaborative healthy living initiatives.

by the numbers

Visits to the Community Centre totalled 508,400
83% increase in pool visits from the year before
23,485 visitors pumped iron in the Fitness Room
Recreation programs recorded 79,700 visits
Revenue generated topped $1.8 million

The Penticton Museum and Archives offers a variety of exhibits and programs to showcase the community's history, like the "Wild at Heart" exhibit (left). Education that passes on historical knowledge and fosters an interest in exploration is central to programs like Curator Kids (above centre).

museum

The Penticton Museum faced 2012 with a determination to manage the two faces of its operations: the public face of its exhibit galleries and the hidden face of its collections areas. The museum also committed to a three-year project titled Okanagan Steamfest, which will celebrate the 100th anniversaries of the SS Sicamous and Kettle Valley Railway in 2014 and 2015 respectively.

The Penticton Museum installed four temporary exhibits in 2012, all of which focused on the natural history of the South Okanagan Similkameen. The first was "H-2-Oh!: The amazing story of water," which examined the role of water in the natural and human history of the South Okanagan. From April to September 2012, the Atkinson Gallery featured "Wild at Heart: A century of conservation in the South Okanagan." The exhibit highlighted the unique natural history of the area and celebrated the key people, places and organizations that helped preserve the many important natural spaces of the region.

From September to November 2012, the museum was a host site for the travelling Royal B.C. Museum exhibit, "Aliens Among Us – BC's most recent plant and animal arrivals." From November to December, the theme of natural history concluded with a juried art exhibit titled "South Okanagan Impressions" featuring submissions by local artists.

One key activity for the Penticton Museum in 2011 and 2012 was work performed on the museum's artifact and archive collection, including the upgrading of the building's artifact storage facilities. In 2011, the museum received a grant of $35,000 from Canadian Heritage's MAP program and a donation of $10,000 from the Friends of the Penticton Museum. This helped fund the inventorying, cataloguing and digitization of artifacts, plus the installation of new high-density mobile shelving in collection areas.

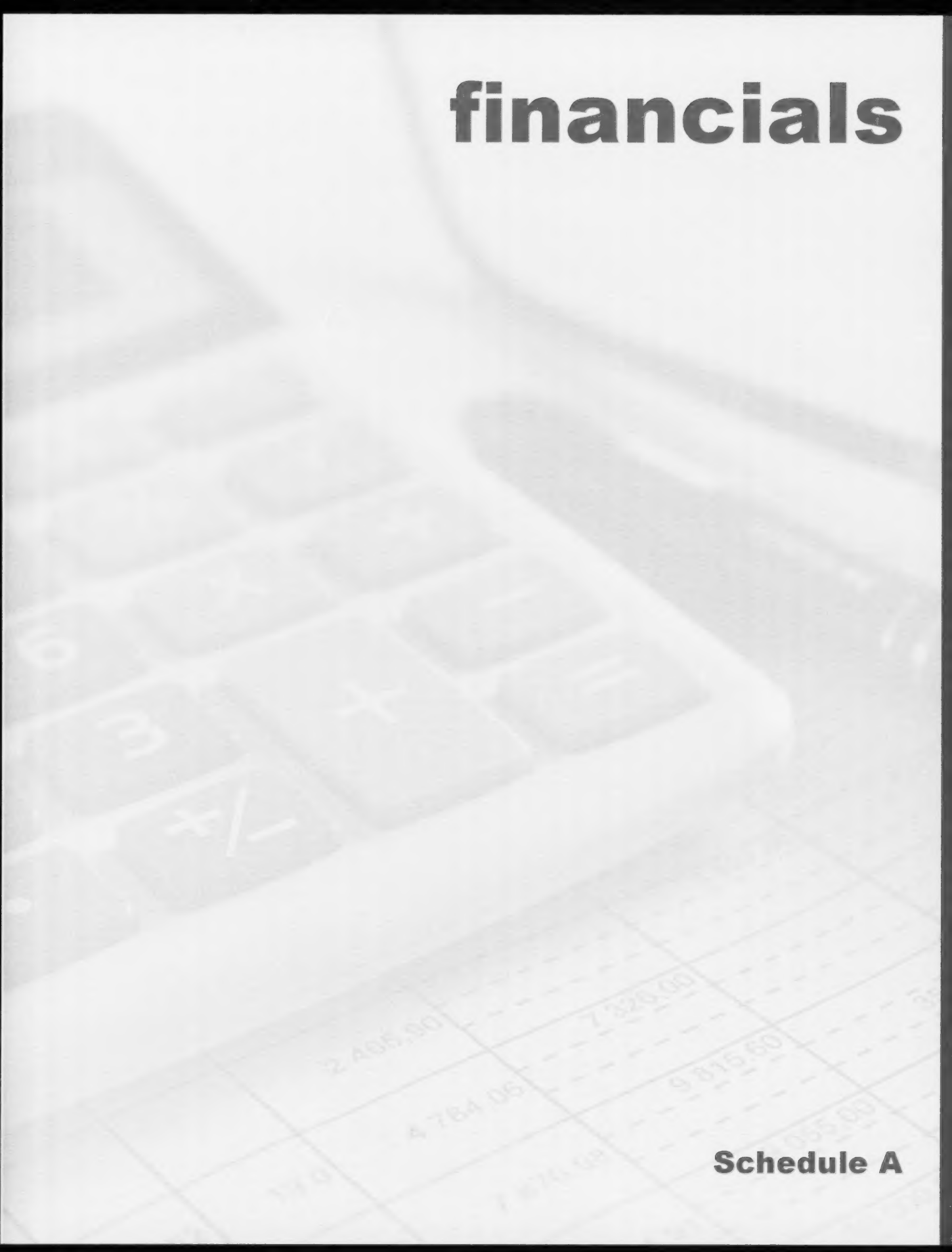
The first exhibit to open in January 2013 is titled "You Are Here: An exploration of memories, lives and archives." This exhibit showcases the archives collection through the stories of local pioneer families and celebrates the museum receiving institutional membership of the Archival Association B.C. In June, the second temporary exhibit for 2013 is titled "Tales from the Bumper: A look back at the BC licence plate history." This eccentric exhibit will focus on the history of the licence plate in B.C. and represent a snapshot of the history of the automobile in the province.

by the numbers

21,000 people visited the museum
Curator Kid programs had 55 school groups attend
28 Brown Bag lectures were delivered
More than 90 years of newspaper copies were digitized

Penticton

financials



Schedule A

chief financial officer's report

May 2013

Your Worship and Members of Council:

In accordance with Section 167(1) of the Community Charter, I am pleased to submit the 2012 Annual Financial Report of the City of Penticton for the fiscal year ended December 31, 2012. The report includes the Auditors' Report, the 2012 audited financial statements, and supplementary information for the City of Penticton.

The financial statements were prepared by City staff in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. These statements were audited by BDO Canada LLP and their responsibility was to express an opinion based on the results of their audit. The audit was planned and performed to obtain reasonable assurance as to whether the financial statements were free of material error or misstatement.

The operations of the City of Penticton are segregated into various funds for accounting and financial reporting purposes. The funds are as follows:

General Fund	Sanitary Sewer Utility Fund	Water Utility Fund
Electric Utility Fund	Reserve Funds	

The Annual Report includes the financial statements for each entity as well as on a consolidated basis for all entities. The highlights from these reports are summarized below:

Capital Expenditures

	2012	2011
General Fund	$5,029,422	$11,304,784
Sewer Fund	1,595,072	5,458,810
Water Fund	3,512,664	2,569,521
Electric Fund	1,539,037	1,634,721
Total Capital Expenditures	**$11,676,195**	**$20,967,836**

Major capital projects included in the above summary are:

General Capital		Utilities	
City Wide Facility Upgrades	$744,420	Sewer Main Upgrades	$201,805
City-wide Transportation Works	1,534,740	Sewer Treatment Plant Works	1,165,835
Parks – Landscape and Development	223,573	Water Main and Service Upgrades	1,660,984
Information and Technology Works	1,090,571	Water Dam Upgrades	1,431,687
City Fleet Equipment	459,783	Electric Services	297,111
SS Sicamous Restoration	292,845	Electric Capacity/Backup Upgrades	320,632
		Electric Voltage Conversion Program	303,407

Operating Expenditures and Debt Charges

(excludes transfers to other funds and reserves)

		2012	2011
General Fund	Operating	$36,840,535	$37,284,680
	Debt	7,664,777	7,372,393
	Subtotal	$44,505,312	$44,657,073
Sewer Fund	Operating	$2,416,575	$2,404,923
	Debt	1,344,863	1,343,440
	Subtotal	$3,761,438	$3,748,363
Water Fund	Operating	$2,706,121	$2,970,532
	Debt	1,317,823	1,306,271
	Subtotal	$4,023,944	$4,276,803
Electric Fund	Operating	$27,177,695	$23,444,761
Total net operating expenditures		**$79,468,389**	**$77,001,493**

Financial Statistics

	2012	2011
Real Property Taxes	$24,877,005	$24,737,103
Collection of Taxes for Other Governments	19,742,695	20,328,808
Long Term Debt Outstanding	67,599,365	74,474,421
Per Capita Debt – General Purposes	1,264	1,520
Per Capita Debt – Utilities	792	836

Investment Earnings

Investment of all excess Revenue and Reserve Funds generated $1,095,100 in 2012 compared to $1,473,195 in 2011. Our portfolio is comprised equally of money market and term deposits maturing within a year and long-term bonds.

General Fund

The general revenue fund generated a surplus of $708,630. The accumulated surplus is $5,015,259.

Utilities

In 2012, the Sewer Utility generated a surplus of $977,793. The accumulated surplus is $7,396,633. The 2012 Water Utility generated a deficit of $641,329. The accumulated surplus is $548,345. The Electric Utility generated an operating deficit of $1,007,138. The accumulated surplus is $8,078,845.

Library

The Statement of Revenue and Expenditure for the Penticton Public Library is presented in this report. Library revenue reflects a City grant of $951,219 including an allowance of $188,800 for building and administration costs, and $4,153 for equipment depreciation.

Respectfully submitted,

Doug Leahy, CMA
Chief Financial Officer

independent auditor letter

BDO

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Canada

To the Mayor and Council
The Corporation of the City of Penticton

We have audited the accompanying consolidated financial statements of The Corporation of the City of Penticton, which comprises the consolidated statement of financial position as at December 31, 2012, and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the City of Penticton as at December 31, 2012 and the results of its operations, change in net debt and cash flows for the year then ended in accordance with Public Sector Accounting Standards.

BDO Canada LLP

Chartered Accountants
Penticton, British Columbia
May 21, 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012

	2012	2011
FINANCIAL ASSETS		
Cash	$ 2,838,041	$ -
Term Deposits (Note 1)	56,751,493	54,039,614
Accounts Receivable (Note 2)	7,337,791	11,419,368
Land Inventory Held for Re-sale (Note 13)	2,397,891	2,397,891
	69,325,216	67,856,873
FINANCIAL LIABILITIES		
Bank Indebtedness (Note 11)	-	25,452
Development Cost Charges Reserve Fund (Note 3)	5,207,190	4,923,199
Trade Accounts Payable and Accrued Liabilities	13,199,611	14,382,960
Deferred Revenues	4,893,751	4,172,998
Deposits	2,066,832	1,781,471
Penticton Public Library	17,064	22,494
Long Term Debt (Note 8)	67,599,365	74,474,421
	92,983,813	99,782,995
NET DEBT	$ (23,658,597)	$ (31,926,122)
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 9)	$ 317,985,530	$ 319,837,355
Inventories of Supplies	3,018,884	2,573,784
Prepaid Expenses	524,264	632,747
	321,528,678	323,043,886
ACCUMULATED SURPLUS	$ 297,870,081	$ 291,117,764

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2012

	2012 Budget	2012	2011
REVENUE			
Taxation	$ 27,115,497	$ 27,118,225	$ 26,985,091
Sales of Services	55,255,756	52,717,066	50,642,855
Government Grants and Transfers	1,646,496	2,021,279	7,424,874
Other Revenue from Own Sources	9,522,041	11,427,780	11,353,278
Other Contributions	-	396,267	843,105
Gain on Sale of TCA	-	181,307	-
	93,539,790	93,861,924	97,249,203
EXPENDITURE (Note 10)			
General Government Services	9,209,195	13,134,787	12,837,993
Protective Services	12,496,705	12,553,891	12,688,334
Transportation Services	7,656,560	9,251,604	7,478,472
Environmental Health Services	1,283,445	1,234,419	1,142,624
Public Health and Safety	271,300	271,448	281,095
Environmental Development Services	1,719,625	1,809,770	1,951,138
Recreation and Culture	9,274,688	11,333,331	10,306,744
Electrical Supply	27,321,900	29,237,713	28,259,375
Sewer System Utility	3,282,658	4,137,361	3,469,287
Water Utility Services	3,687,103	4,145,283	4,143,185
	76,203,179	87,109,607	82,558,247
ANNUAL SURPLUS	17,336,611	6,752,317	14,690,956
ACCUMULATED SURPLUS, BEGINNING OF YEAR			
Balance, Beginning of Year	276,426,808	291,117,764	276,426,808
ACCUMULATED SURPLUS, END OF YEAR	$ 293,763,419	$ 297,870,081	$ 291,117,764

See accompanying notes to financial statements.

THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
YEAR ENDED DECEMBER 31, 2012

	2012	2011
Annual Surplus	$ 6,752,317	$ 14,690,956
Acquisition of Tangible Capital Assets	(10,677,384)	(18,824,643)
Amortization of Tangible Capital Assets	12,495,609	11,637,363
Disposals of Tangible Capital Assets	33,600	707,818
Re-classification of Land Inventory Held for Re-sale	-	2,397,891
	8,604,142	10,609,385
Change in Prepaid Expenses	108,484	(514,040)
Consumption of Supplies Inventories	(445,101)	136,646
	(336,617)	(377,394)
Decrease in Net Debt	**8,267,525**	**10,231,991**
Net Debt, Beginning of Year	**(31,926,122)**	**(42,158,113)**
Net Debt, End of Year	**$ (23,658,597)**	**$ (31,926,122)**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2012

	2012	2011
Operating Transactions		
Annual Surplus	$ 6,752,317	$ 14,690,956
Change in Non-Cash Operating Items		
Increase in accounts receivable	4,081,577	7,824,552
Increase (Decrease) in Trade Accounts Payable and Accrued Liabilities	101,326	(4,658,312)
Increase (decrease) in prepaid expenses	108,482	(514,040)
Decrease in Inventory	(445,100)	136,646
Asset Disposal	33,600	707,818
Amortization	12,495,609	11,637,363
	16,375,494	15,134,027
Cash Provided by Operating Activities	23,127,811	29,824,983
Capital Transactions		
Cash Used to Acquire Tangible Capital Assets	(10,677,384)	(18,824,643)
Financing Transactions		
Debt Proceeds	-	582,000
Debt Repayment	(6,875,056)	(6,722,420)
Cash Provided by Financing Transactions	(6,875,056)	(6,140,420)
Investing Transactions		
(Increase) in Term Deposits	(2,711,878)	(3,373,434)
Change in Cash	2,863,493	1,486,486
Cash, Beginning of Year	(25,452)	(1,511,938)
Cash and Bank Indebtedness, End of Year	$ 2,838,041	$ (25,452)

See accompanying notes to financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2012

Management's Responsibility for the Financial Statements
The consolidated financial statements of the City are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The Corporation of the City of Penticton ("the City") is a municipality in the Province of British Columbia and operates under the provisions of the Community Charter. The City provides municipal services such as fire, public works, planning, parks, recreation and other general government services.

Basis of Consolidation
The consolidated financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the City. All inter-entity transactions and balances have been eliminated.

Interfund Balances and Transactions
All material interfund transactions and balances have been eliminated within the Consolidated Financial Statements.

Deferred Revenue
Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the Consolidated Statement of Financial Position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purpose.

Government Transfers
Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

Revenue Recognition
Taxes are recognized as revenue in the year they are levied.
Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.
Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled.
Unconditional grant revenue is recognized when monies are receivable.
Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.
Sales of service and other revenue is recognized on an accrual basis.

Financial Instruments
The City's financial instruments consist of cash and term deposits, accounts receivable, accrued interest receivable, Municipal Finance Authority, bank indebtedness, trade accounts payable and accrued liabilities, deposits and long term debt. Unless otherwise noted, it is management's opinion that the City is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying value, unless otherwise noted.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2012

Tangible Capital Assets
Tangible capital assets are not available to discharge existing liabilities and are held for use in the provision of goods and services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.
Tangible capital assets are recorded at cost, net of capital asset disposals, write-downs and amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Buildings	20 to70 years
Roads and Sidewalks	25 to 75 years
Machinery and Equipment	5 to 20 years
Water Infrastructure	10 to 100 years
Sewer Infrastructure	10 to 100 years
Electrical Infrastructure	20 to 25 years
Parks and Recreation Infrastructure	10 to 50 years
Vehicles	5 to 20 years
Furniture and Equipment	10 to 15 years
Computer Hardware and Software	4 to 10 years

Reserve for Future Expenditure
Reserves for future expenditure are non-statutory reserves which represent an appropriation of surplus for specific purposes. Transfers to reserves for future expenditure include funds to finance incomplete projects and accumulations for specific purposes.

Statutory Reserve Funds
The use of these funds is restricted by the Community Charter and associated Municipal Bylaws. Statutory reserve funds are funded 100% by cash and temporary investments.

Use of Estimates
The preparation of consolidated financial statements in accordance with Public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Adjustments, if any, will be reflected in the consolidated financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different.

Collection of Taxes on Behalf of Other Taxation Authorities
The City collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of entities are not reflected in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012

1. Term Deposits

	Amount	Effective Interest Rate	Maturity Date
Valley First Credit	$ 10,224,718	1.9%	November 29, 2013
Valley First Credit	7,037,340	1.9%	November 29, 2013
Valley First Credit	5,023,959	1.9%	November 29, 2013
Valley First Credit	5,085,233	1.65%	July 18, 2013
Valley First Credit	5,000,000	1.65%	July 26, 2013
Valley First Credit	68,507	1.45%	January 12, 2013
Municipal Finance Authority	24,311,736	2.4%	December 31, 2013
	$ 56,751,493		

2. Accounts Receivable

	2012	2011
Property Taxes	$ 1,322,243	$ 1,272,812
Other Receivables	1,551,301	1,979,311
Federal Government	654,952	592,675
Provincial Government	1,193,881	4,656,273
Regional District of Okanagan Similkameen	44,203	27,259
Other Government Agencies	8,000	7,900
Utility Rates Receivable	2,449,533	2,883,138
Accrued Interest Receivable	113,678	-
	$ 7,337,791	$ 11,419,368

3. Development Cost Charges Reserve Fund (DCC)

The City collects development cost charges to pay for a proportionate share of infrastructure related to new growth. In accordance with the *Local Government Act* of BC, these funds must be deposited into a separate reserve fund. When the related costs are incurred, the DCCs are recognized as revenue.

	2012	2011
DCC by Type		
Roads	$ 242,921	$ 257,036
Parks	81,496	41,303
Drainage	562,035	539,579
Waste Water	3,419,532	3,193,725
Water	901,206	891,556
	$ 5,207,190	$ 4,923,199
DCC Activity		
Balance, Beginning of Year	$ 4,923,199	$ 4,907,333
Return on Investments	84,916	85,382
DCCs Levied in the Year	517,125	234,199
Transfers to General Operating	(318,050)	(303,715)
	$ 5,207,190	$ 4,923,199

4. Development Cost Charges

In 2010, Council adopted the Development Cost Charge Reduction Bylaw and the companion Economic Incentive Zone Bylaw. The purpose of these bylaws was to spur development in key areas of the city, promote sustainable development and promote the development of affordable rental housing. The bylaws also contain provision to encourage high-end hotel development. These bylaws will reduce the value of development cost charges, building permit fees and municipal taxes received by The City of Penticton for eligible developments.

The DCC reductions and Economic Incentive tax exemption program have been implemented in accordance with the provisions of Section 933(1) of the Local Government Act and Section 226 of the Community Charter, respectively. In 2012, $1,797 (2011 - $1,793) of Economic Incentive tax exemptions were granted in 2012 .

5. Pension Liability

The City and its employees contribute to the Municipal Pension Plan (Plan) a jointly trusteed pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 176,000 active members and approximately 67,000 retired members. Active members include approximately 35,000 contributors from local governments.

The latest valuation as at December 31, 2009 indicated a unfunded liability of $1,024 million for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. Defined contribution plan accounting is applied to the Plan as the Plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, Plan assets and cost to individual entities participating in the Plan.

The City of Penticton paid $1,539,332 (2011 - $1,423,655) for employer contributions to the Plan in fiscal 2012.

6. Contingent Liabilities

(a) Regional District of Okanagan Similkameen
Under Section 836 of the *Local Government Act*, all monies borrowed by a Regional District, shall be upon its credit at large and shall, in the event of any default, constitute an indebtedness of the member municipalities for which they are jointly and severally liable. At December 31, 2012, the long term debt of the Regional District aggregated $107,166,215 (2011 - $114,895,008).

(b) Legal Actions

As at December 31, 2012, certain legal actions are pending against the City as follows:

1. The City is aware of various liens registered against the City owned properties located at 903-969 Eckhardt Ave W. These liens were filed by various companies engaged by the third party purchaser of the same properties who subsequently defaulted on the purchase. These companies were not paid and they filed liens against the properties. Twelve liens were filed representing claims totaling $2,111,921.90. Since then, and within the one year limitation period under the Builders Lien Act, five lien claimants have started legal actions against various parties, including the City, and filed certificates of pending litigation ("CPL") against the properties. Accordingly, the lien claims of these claimants remain alive. The value of these lien claims is $1,605,333.50. It is unknown at this time the likely outcome; however, damages could reach $160,000, which is 10% of the total claims sitll being advanced. The lien claims of the other seven lien claimants have been extinguished pursuant to the Builders Lien Act because they did not start actions and file CPL's within the one year limitation period. An application has been submitted to the Land Title Office to cancel these seven liens from the titles to the properties, and the decision of the Registrar of the Land Titles Office is pending. $317,212 is being held in trust by the City's legal counsel pending settlement of these claims.

2. The City of Penticton has been named a party to an action related to the construction of the indoor soccer facility with respect to deficiencies in the physical durability of the outer covering. Expected exposure relates to costs which cannot be reasonably estimated at this time. Given the uncertainty of the amount and likeliness of the claim, no accrual has been recorded in regards to these costs.

3. The City of Penticton has been named a party to an action with respect to the City's operation of the Carmi Landfill on lands now owned by the Plaintiff. The Plaintiff alleges that the City is liable for remediation of the contamination and seeks damages for negligence, trespass and nuisance but expected exposure cannot be reasonably estimated at this time. The acton has been placed in abeyance while the Plaintiff completes further environmental studies. The amount of the claim is unspecified. Given the uncertainty of the amount and likeliness of the claim, no accrual has been recorded in regards to these costs.

. - cont'd

4. The City of Penticton has been named a party to an action with respect to a claim filed with the Expropriation Compensation Board claiming constructive expropriation and injurious affection arising from the Campbell Mountain Landfill, and in particular, methane gas emissions from the landfill. The City filed its Statement of Defence in 2000 and the claim has not moved forward for some time. Expected exposure cannot be reasonably estimated at this time. Given the uncertainty of the amount and likeliness of the claim, no accrual has been recorded in regards to these costs.

5. The City of Penticton has received notice pursuant to s.286 of the Local Government Act with respect to three potential actions arising out of a development project when the development's water delivery system constructed by a third party ruptured. The notices provided to the City allege that there was a failure on the part of the City to adequately review the plans before the water system was approved and that the City also failed to adequately inspect the water system. The parties that notified the City are the developer, the primary contractor and engineering firm. The parties have entered into a settlement agreement under which the water system is to be reconstructed with new materials and the contractor, engineer and the City are each obliged to pay an amount in full and final settlement of the matter with all parties exchanging Releases once the development infrastructure including the water system is completed. The Releases are signed and being held by counsel and the contractor is on track to complete the development infrastructure by early spring, 2013 at which time the City will be obliged to pay $80,000 for its part of the settlement. The extent of any further potential exposure for the City cannot be reasonably estimated at this time.

6. That the City, as the licensee, has entered into a license agreement with Team Challenge GMBH to host an international, world-class long distance triathlon in the City of Penticton. Under the terms of that License Agreement, the City is contractually obliged to host and, either on its own or through a third party society, organize and execute the Challenge Event. The City is contractually obliged to impose all obligations of the City under the License Agreement upon the Penticton Triathlon Race Society through a written contract. Under the terms of the License Agreement, the City is entitled to charge potential participants of the Challenge Event registration fees. The Delivery of Services Agreement with the Penticton Triathlon Race Society acknowledges that the assets of the Society shall at all times be the property solely of the City notwithstanding that the Society may have paid directly for the said property and that title thereto shall not pass to the Society. All assets of the Society of every kind and description including intellectual property will remain solely the property of the City of Penticton . At the expiration of the Term of the Agreement, the Society shall deliver to the City the assets of the Society.

In 2012 the City collected registrations on behalf of the Penticton Triathlon Race Society in the amount of $631,000. The net amount transferred to the Society on December 12, 2012 was $495,990. The net amount is reflected in the General Revenue Fund Statement of Financial Position as well as the Consolidated Statement of Financial Position.

(c) General Contingencies

From time to time there are potential claims against the Ctiy for incidents which arise in the ordinary course of business. In the opinion of management and legal counsel, the outcomes of the claims are not determinable at this time and cannot be estimated. Should any loss result from the resolution of these claims, such loss will be charged to operations in th eyar of resolution.

7. Letters of Credit

In addition to the performance deposits reflected in the Consolidated Statement of Financial Position, the City is holding irrevocable Letters of Credit in the amount of $1,157,908.50 which were received from depositors to ensure their performance of works to be undertaken within the City. These amounts are not reflected in the financial statements but are available to satisfy liabilities arising from non-performance by the depositors.

8. Net Long Term Debt

Net long term debt reported on the Consolidated Statement of Financial Position is comprised of the following:

	2012	2011
Municipal Finance Authority (see Debt Issued and Outstanding Sch.)	$ 67,599,365	$ 74,474,421

Principal repayments relating to net long term debt of $67,599,365 outstanding are due as follows (in thousands):

	2013	2014	2015	2016	2017	Thereafter
General Fund	$ 4,697	$ 3,223	$ 3,224	$ 3,225	$ 3,227	$ 23,966
Sewer Fund	575	575	575	575	575	11,396
Water Fund	579	579	579	458	458	9,113
	5,851	4,377	4,378	4,258	4,260	44,475
Sinking Fund Earnings	1,011	1,227	1,453	1,539	1,712	15,560
	$ 6,862	$ 5,604	$ 5,831	$ 5,797	$ 5,972	$ 60,035

Long term debt is secured by the assets of the City. The Long Term Debt is held by the Municipal Finance Authority. The principal payments are invested by the Muncipal Finance Authority into a Sinking Fund. The principal repayments are currently calculated at a rate of 4%. The 2012 earnings in the Sinking Fund were calculated to be $1,021,849. The Sinking Fund earnings are not reflected in the Financial Statements as they are held by the MFA and are only recognized when the debt matures.

9. Tangible Capital Assets

In 2012 the City of Penticton incurred $11,676,195 of Capital Expenditures. The Tangible Capital Asset Policy requires that capital expenditures beneath a specified threshold are not capitalized. The total amount capitalized in accordance with the TCA Policy is $10,677,384 for 2012. The amount of Capital purchases below the TCA threshold that were expensed within the Consolidated Statement of Operations were $998,811.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

9. Tangible Capital Assets - cont'd

	Land	Building	Equipment	Sewer Infrastructure	Water Infrastructure	Electrical Infrastructure	Roads	Construction in Progress	2012 Total
COST									
Opening Balance	$ 46,297,856	$159,557,680	$ 29,722,252	$ 21,180,352	$ 42,582,178	$ 61,869,148	$ 71,090,417	$ 27,068,766	$459,368,649
Add: Additions	-	923,276	2,619,902	1,568,569	3,404,328	1,444,011	717,298	-	10,677,384
Add: Trsf to/from Construction in Progress	-	-	693,941	24,665,825	-	-	-	(25,359,766)	-
Less: Disposals	2,600	60,362	578,678	-	-	-	-	-	641,640
Re-classification to Financial Assets	-	-	-	-	-	-	-	-	-
	46,295,256	160,420,594	32,457,417	47,414,746	45,986,506	63,313,159	71,807,715	1,709,000	469,404,393
ACCUMULATED AMORTIZATION									
Opening Balance	-	43,533,986	18,206,322	4,423,561	14,952,873	23,805,571	34,608,981	-	139,531,294
Add: Amortization	-	4,890,003	1,728,763	950,980	700,723	2,060,018	2,165,122	-	12,495,609
Less: Acc Amortization on Disposals	-	60,362	547,678	-	-	-	-	-	608,040
	-	48,363,627	19,387,407	5,374,541	15,653,596	25,865,589	36,774,103	-	151,418,863
Net Book Value for Year Ended Dec 31, 2012	$ 46,295,256	$112,056,967	$ 13,070,010	$ 42,040,205	$ 30,332,910	$ 37,447,570	$ 35,033,612	$ 1,709,000	$317,985,530

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

9. Tangible Capital Assets - cont'd

	Land	Building	Equipment	Sewer Infrastructure	Water Infrastructure	Electrical Infrastructure	Roads	Construction in Progress	2011 Total
COST									
Opening Balance	$ 49,372,142	$136,058,580	$ 29,589,061	$ 20,870,370	$ 40,540,597	$ 60,609,704	$ 69,349,097	$ 37,431,301	$443,820,852
Add: Additions	-	8,094,500	335,751	309,982	2,041,581	1,259,444	1,741,320	5,042,065	18,824,643
Add: Trsf to/from Construction in Progress	-	15,404,600	-	-	-	-	-	(15,404,600)	-
Less: Disposals	676,395	-	202,560	-	-	-	-	-	878,955
Re-classification to Financial Assets	(2,397,891)	-	-	-	-	-	-	-	(2,397,891)
	46,297,856	159,557,680	29,722,252	21,180,352	42,582,178	61,869,148	71,090,417	27,068,766	459,368,649
ACCUMULATED AMORTIZATION									
Opening Balance	-	38,683,984	16,858,552	4,141,156	14,297,541	21,611,284	32,472,551	-	128,065,068
Add: Amortization	-	4,850,002	1,518,907	282,405	655,332	2,194,287	2,136,430	-	11,637,363
Less: Acc Amortization on Disposals	-	-	171,137	-	-	-	-	-	171,137
	-	43,533,986	18,206,322	4,423,561	14,952,873	23,805,571	34,608,981	-	139,531,294
Net Book Value for Year Ended Dec 31, 2011	$ 46,297,856	$116,023,694	$ 11,515,930	$ 16,756,791	$ 27,629,305	$ 38,063,577	$ 36,481,436	$ 27,068,766	$319,837,355

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012

10. Reporting by Object

	2012	2011
Salaries and Benefits	$ 16,037,407	$ 15,671,922
Goods and Services	41,981,943	39,537,875
Interest	4,483,819	4,543,318
Amortization	12,495,609	11,637,363
Other Expenses	3,266,325	2,717,016
Vehicle and Equipment Maintenance	3,194,406	3,100,472
Policing Agreement	5,650,098	5,350,281
	$ 87,109,607	$ 82,558,247

11. Credit Facilities

(a) Line of Credit
The City holds a $5,000,000 line of credit with the Valley First Credit Union. This line of credit has a borrowing rate of prime and is secured by the Revenue Anticipation Borrowing Bylaw 2011 No. 5003. There is currently no balance or amount outstanding.

(b) Bank Indebtedness
The City holds a $4,150,000 EFT limit.

12. Municipal Finance Authority

Cash Deposits and Demand Notes - The City issues the majority of its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds is withheld by the Municipal Finance Authority as a debt reserve fund. The City also executes demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the Municipal Finance Authority. These demand notes are contingent in nature.

Proceeds on loan requests are 98.40% of the gross amount of the loan. 1% is deducted by the MFA for security against loan default (this is held in trust by the MFA in its Debt Reserve Fund and will be refunded to clients, with interest, at loan expiry). The remaining 0.60% is deducted as an issue expense to cover the costs of administering the Debt Reserve Fund.

As at December 31, 2012 the Debt Reserve Fund demand note requirements were $4,416,699 (2011 - $4,416,499). In addition, cash depositis totaling $1,244,321 (2011 - $1,207,832) were held by the MFA.

13. Land Inventory Held for Re-sale

Land inventory held for re-sale is recorded at the lower of cost and net realizable value. Cost includes the amount of acquisition, legal fees, and improvements to prepare the properties for sale or servicing.

It is reasonably anticipated that real estate properties held for resale will be sold outside the reporting entity within one year of the statement of financial position date.

Land inventory held for re-sale consists of vacant lots along Eckhardt Avenue and is carried at cost of $2,397,891 on the statement of financial position.

14. Budget

The Financial Plan (Budget) Bylaw adopted by Council on February 6, 2012 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to Nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets (debt) represent the Financial Plan adopted by Council with adjustments as follows:

	2012
Financial Plan (Budget) Bylaw surplus for the year	$ -
Add:	
Transfer to Funds/Reserves	15,947,807
Debt Principal Repayments	5,853,207
Budgeted Transfers from Surplus	599,038
Less:	
Budgeted Transfers from Surplus	4,816,293
Debt Proceeds	247,148
Budget Surplus per Statement of Operations	$ 17,336,611

15. Segmented Information

The City is a diversified municipal government institution that provides a wide range of services to its citizens such as transit, police, fire, water and electricity. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government Services
This segment includes all of the revenues and expenses that relate to the operations of the City itself and cannot be directly attributed to a specific segment.

Protective Services
Protection is comprised of police services and fire protection. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education.

Transportation Services
Transportation is responsible for providing the City's transit services.

Environmental Health Services
Environmental services consists of providing waste disposal to citizens.

Public Health and Safety
Health services are comprised of public health services which works to improve the overall health of the population and overcome health inequalities by providing services to individuals and communities.

Environmental Development Services
This segment includes city planning, maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

Recreation and Culture
This segment provides services meant to improve health and development of the City's citizens. Recreational programs and cultural programs like swimming and skating lessons are provided at the arenas, the aquatic centre and the community centre. Also, the City provides library services to assist with its citizens' informational needs and a museum that houses collections and artifacts.

Electrical Supply
This segment includes all of the operating activities related to the supply of the City's electricity.

Sewer System Utility
This segment includes all of the operating activities related to the collection and treatment of wastewater (sewage) throughout the City.

Water Utility Services
This segment includes all of the operating activities related to the treatment and distribution of water throughout the City.

THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

SCHEDULE OF SEGMENT DISCLOSURE
YEAR ENDED DECEMBER 31, 2012

	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Public Health and Safety	Environmental Development Services	Recreation and Culture	Electrical Supply	Sewer System Utility	Water Utility Services	2012 Total
REVENUE											
Taxation	$ 25,769,942	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,348,283	$ -	$ 27,118,225
Sales of Services	4,721,803	772,997	998,047	1,528,961	203,656	82,374	1,992,625	32,386,658	3,957,827	6,072,118	52,717,066
Govt Grants and Transfers	2,021,279	-	-	-	-	-	-	-	-	-	2,021,279
Other Revenue	11,039,541	-	-	-	-	-	-	-	292,554	95,685	11,427,780
Other Contributions	-	-	-	-	-	-	-	197,776	72,310	126,181	396,267
Gain on Sale of TCA	181,307	-	-	-	-	-	-	-	-	-	181,307
	43,733,872	772,997	998,047	1,528,961	203,656	82,374	1,992,625	32,584,434	5,670,974	6,293,984	93,861,924
EXPENDITURE											
Salaries and Benefits	3,263,263	5,975,276	615,743	34,634	-	723,727	3,011,870	742,639	1,008,296	661,959	16,037,407
Goods and Services	2,514,632	503,722	2,839,513	1,199,785	142,698	922,073	4,742,169	26,260,320	1,198,836	1,658,194	41,981,942
Interest	(20,437)	126,000	193,045	-	128,750	-	2,548,216	-	769,806	738,439	4,483,819
Amortization	4,890,003	-	3,893,885	-	-	-	-	2,060,018	950,980	700,723	12,495,609
Other Expenses	2,142,136	15,920	-	-	-	152,478	955,791	-	-	-	3,266,325
Equipment Charges	345,189	282,875	1,709,418	-	-	11,492	75,285	174,736	209,443	385,968	3,194,406
Policing Agreement	-	5,650,098	-	-	-	-	-	-	-	-	5,650,098
	13,134,786	12,553,891	9,251,604	1,234,419	271,448	1,809,770	11,333,331	29,237,713	4,137,361	4,145,283	87,109,606
Excess (Deficiency) of Revenues Over Expenditures	$ 30,599,086	$(11,780,894)	$ (8,253,557)	$ 294,542	$ (67,792)	$ (1,727,396)	$ (9,340,706)	$ 3,346,721	$ 1,533,613	$ 2,148,701	$ 6,752,318

THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

SCHEDULE OF SEGMENT DISCLOSURE
YEAR ENDED DECEMBER 31, 2011

	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Public Health and Safety	Environmental Development Services	Recreation and Culture	Electrical Supply	Sewer System Utility	Water Utility Services	2011 Total
REVENUE											
Taxation	$ 25,624,378	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,360,713	$ -	$ 26,985,091
Sales of Services	4,326,569	1,300,331	933,368	1,455,265	209,611	62,459	1,189,639	31,350,592	3,817,982	5,997,039	50,642,855
Govt Grants and Transfers	7,220,507	-	-	-	-	-	-	-	204,367	-	7,424,874
Other Revenue	11,166,341	-	-	-	-	-	-	-	118,862	68,075	11,353,278
Other Contributions	211,358	-	-	-	-	-	-	601,956	(1,647)	31,438	843,105
	48,549,153	1,300,331	933,368	1,455,265	209,611	62,459	1,189,639	31,952,548	5,500,277	6,096,552	97,249,203
EXPENDITURE											
Salaries and Benefits	2,922,994	5,895,785	484,116	31,439	519	732,360	3,217,408	548,354	1,090,709	748,238	15,671,922
Goods and Services	1,685,403	989,431	2,975,724	1,111,185	151,826	808,540	3,722,293	25,303,474	1,135,618	1,654,381	39,537,875
Interest	40,312	126,000	183,658	-	128,750	-	2,550,373	-	770,010	744,215	4,543,318
Amortization	6,368,909	-	2,136,430	-	-	-	-	2,194,287	282,405	655,332	11,637,363
Other Expenses	1,533,413	15,920	-	-	-	399,016	768,667	-	-	-	2,717,016
Equipment Charges	286,962	310,917	1,698,544	-	-	11,222	48,003	213,260	190,545	341,019	3,100,472
Policing Agreement	-	5,350,281	-	-	-	-	-	-	-	-	5,350,281
	12,837,993	12,688,334	7,478,472	1,142,624	281,095	1,951,138	10,306,744	28,259,375	3,469,287	4,143,185	82,558,247
Excess (Deficiency) of Revenues Over Expenditures	$ 35,711,160	$(11,388,003)	$ (6,545,104)	$ 312,641	$ (71,484)	$ (1,888,679)	$ (9,117,105)	$ 3,693,173	$ 2,030,990	$ 1,953,367	$ 14,690,956

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Independent Auditor's Comments on Supplementary Information

To the Mayor and Council
The Corporation of the City of Penticton

We have audited the consolidated financial statements of The Corporation of the City of Penticton, which comprise the consolidated statement of financial position as at December 31, 2012 and consolidated statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information and have issued our report thereon dated May 21, 2013. This report contained an unmodified opinion on the consolidated financial statements as a whole. The following supplemental financial information is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the consolidated financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

BDO Canada LLP

Chartered Accountants

Penticton, British Columbia
May 21, 2013

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GENERAL REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)

	2012 Budget	2012	2011
REVENUE			
Taxation	$ 25,764,110	$ 25,772,935	$ 25,624,378
Sales of Services	10,451,698	10,605,362	10,543,497
Government Grants and Transfers	1,442,130	1,444,901	1,448,495
Transfer from Other Funds	7,275,084	6,396,940	6,320,274
Other Revenue from Own Sources	9,522,041	10,168,067	11,583,513
Collections for Other Governments	20,388,713	19,742,695	20,328,808
	74,843,776	74,130,900	75,848,965
EXPENDITURE			
Salaries and Benefits	14,343,112	13,624,513	13,449,331
Goods and Services	11,806,945	11,865,779	11,020,065
Interest	26,000	17,381	69,913
Debenture Interest	2,996,009	2,958,191	2,959,505
Debt Principal	4,698,766	4,698,766	4,812,735
Other Expenses	3,963,462	3,266,326	3,376,695
Vehicle and Equipment Maintenance	2,671,920	2,424,258	2,440,492
Policing Agreement	6,104,070	5,650,098	5,350,281
Transfer to Other Funds	7,844,779	9,171,270	10,673,965
Transfer to Other Governments and Boards	20,388,713	19,745,688	20,337,492
	74,843,776	73,422,270	74,490,474
EXCESS OF REVENUE OVER EXPENDITURE	$ -	708,630	1,358,491
CHANGE IN FUND BALANCES		708,630	1,358,491
FUND BALANCES, BEGINNING OF YEAR		4,306,629	2,948,138
FUND BALANCES, END OF YEAR		$ 5,015,259	$ 4,306,629

See accompanying notes to financial statements.

RESERVE FUNDS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012
(UNAUDITED)

	2012	2011
Balance, Beginning of Year	$ 13,545,025	$ 12,112,964
Add		
Transfers from:		
Revenue Funds	2,097,636	2,975,566
Interest Earned	197,684	198,667
Deduct		
Transfers to:		
Capital Funds	3,258,506	1,742,172
Balance, End of Year	$ 12,581,839	$ 13,545,025

STATUTORY RESERVE FUND BALANCES

Equipment Replacement Reserve Fund	$ 3,468,250	$ 3,448,010
Tax Sale Lands Reserve Fund	6,999	6,888
Development Cost Charges Reserve Fund	5,207,190	4,923,199
Capital Reserve Fund	2,571,163	2,329,552
Local Improvement	1,546,375	1,484,612
Water Capital Reserve Fund	557,950	1,541,085
Sewer Capital Reserve Fund	502,904	494,886
Electric Capital Reserve Fund	940,053	925,067
Off-Site Parking Reserve Fund	113,429	118,229
Community Works Reserve Fund	2,588,072	2,886,845
Amenity Density Reserve	286,644	309,851
	17,789,029	18,468,224
Less:		
Development Cost Charges Reserve Fund	5,207,190	4,923,199
	$ 12,581,839	$ 13,545,025

See accompanying notes to financial statements.

RESERVE FUNDS
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)

	Equipment Replacement	Tax Sale Lands	Capital	Development Cost Charges	Local Improvement	Sewer Capital	Water Capital	Electric Capital	Off-Street Parking	Amenity Density	Community Works	2012 Total	2011 Total
BALANCE, BEGINNING OF YEAR	3,448,008	6,888	2,329,551	4,923,199	1,484,617	494,887	1,541,084	925,067	118,229	309,851	2,886,846	$18,468,227	$17,020,297
ADD													
Transfers from:													
General Revenue Fund	826,749		202,235	517,125	161,112						907,538	2,614,759	3,209,766
General Capital Fund												-	-
Sewer Revenue Fund												-	-
Sewer Capital Fund												-	-
Water Capital Fund												-	-
Water Revenue Fund												-	-
Interest Earned	55,572	111	39,377	84,916	12,121	8,017	16,866	14,986	1,850	4,793	43,990	282,599	284,050
	4,330,329	6,999	2,571,163	5,525,240	1,657,850	502,904	1,557,950	940,053	120,079	314,644	3,838,374	21,365,585	20,514,113
DEDUCT													
Transfers to:													
General Capital Fund	862,079				73,380							935,459	266,048
General Capital Reserve									6,650	28,000	1,250,302	1,284,952	1,435,141
Sewer Capital Fund					38,095							38,095	40,982
Water Capital Fund							1,000,000					1,000,000	-
Water Revenue Fund												-	-
Sewer Revenue Fund												-	-
General Revenue Fund				318,050								318,050	303,715
	862,079	-	-	318,050	111,475	-	1,000,000	-	6,650	28,000	1,250,302	3,576,556	2,045,886
BALANCE, END OF YEAR	3,468,250	6,999	2,571,163	5,207,190	1,546,375	502,904	557,950	940,053	113,429	286,644	2,588,072	$17,789,029	$18,468,227

SEWER REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)

	2012 Budget	2012	2011
REVENUE			
Taxation	$ 1,351,387	$ 1,348,283	$ 1,360,714
Sales of Services	3,956,000	4,250,381	4,044,847
Government Grants and Transfers	204,366	407,686	204,366
	5,511,753	6,006,350	5,609,927
EXPENDITURE			
Salaries and Benefits	1,083,703	1,008,296	1,113,668
Goods and Services	1,244,375	1,198,836	1,076,469
Interest	773,830	769,806	770,010
Debt Principal	575,057	575,057	575,057
Vehicle and Equipment Maintenance	199,750	209,443	190,545
Transfer to Other Funds	1,055,000	1,267,119	1,298,352
	4,931,715	5,028,557	5,024,101
EXCESS OF REVENUE OVER EXPENDITURE	$ 580,038	977,793	585,826
CHANGE IN FUND BALANCES		977,793	585,826
FUND BALANCES, BEGINNING OF YEAR		6,418,840	5,833,014
FUND BALANCES, END OF YEAR		$ 7,396,633	$ 6,418,840

See accompanying notes to financial statements.

WATER REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)

	2012 Budget	2012	2011
REVENUE			
Sales of Services	$ 5,900,495	$ 6,167,803	$ 6,160,054
Transfers from Other Funds	81,230	81,230	-
	5,981,725	6,249,033	6,160,054
EXPENDITURE			
Salaries and Benefits	692,428	661,959	773,366
Goods and Services	1,738,725	1,658,194	1,589,646
Interest	759,450	738,439	744,215
Debt Principal	579,385	579,384	579,384
Vehicle and Equipment Maintenance	496,500	385,968	341,019
Transfer to Other Funds	3,996,500	2,866,418	2,623,349
	8,262,988	6,890,362	6,650,979
EXCESS OF EXPENDITURE OVER REVENUE	$ (2,281,263)	(641,329)	(490,925)
CHANGE IN FUND BALANCES		(641,329)	(490,925)
FUND BALANCES, BEGINNING OF YEAR		1,189,674	1,680,599
FUND BALANCES, END OF YEAR		$ 548,345	$ 1,189,674

See accompanying notes to financial statements.

ELECTRIC REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)

	2012 Budget	2012	2011
REVENUE			
Sales of Services	$ 32,666,300	$ 32,386,658	$ 31,848,180
Transfers from Own Reserves	-	-	28,000
	32,666,300	32,386,658	31,876,180
EXPENDITURE			
Salaries and Benefits	807,700	742,639	736,136
Goods and Services	26,274,500	26,260,320	24,819,701
Vehicle and Equipment Maintenance	239,700	174,736	213,260
Transfer to Other Funds	7,879,430	6,216,101	4,279,865
	35,201,330	33,393,796	30,048,962
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	$ (2,535,030)	(1,007,138)	1,827,218
CHANGE IN FUND BALANCES		(1,007,138)	1,827,218
FUND BALANCES, BEGINNING OF YEAR		9,085,983	7,258,765
FUND BALANCES, END OF YEAR		$ 8,078,845	$ 9,085,983

See accompanying notes to financial statements.

DEBT ISSUED AND OUTSTANDING
DECEMBER 31, 2012

L/A Bylaw	S/I Bylaw	Issue	Issue Date	Purpose	Issue Amount	Outstanding Amount	Term (Years)	Maturity	Rate	2012 Payments Interest	2012 Payments Principal
92110	9504	60	12-Apr-95	Water Treatment Plant	1,000,000	218,520	20	2015	4.75	47,500	30,242
92110	9542	61	01-Dec-95	Water Treatment Plant	3,000,000	655,561	20	2015	4	90,000	90,728
92110	96-08	63	01-Jun-96	Water Treatment Plant	1,200,000	341,444	20	2016	3	42,000	36,291
2006-07	17/07/2006	99	07-Nov-06	Naramata Rd. Upgrade	4,670,000	3,629,772	20	2026	4.43	206,881	156,827
2007-86	333/2008	104	20-Nov-08	Water Filtration Plant	4,000,000	3,429,585	20	2028	5.15	206,000	134,327
2007-83	638/2009	106	13-Oct-09	Water Filtration Plant	3,900,000	3,491,169	20	2029	4.13	161,070	130,969
					17,770,000	11,766,050				753,451	579,384
2006-61	273/2007	102	02-Nov-07	Sewer - Septage Handling Facility	1,050,000	859,016	20	2027	4.82	50,610	35,261
2008-10	333-2008	104	02-Nov-07	Sewer System Upgrade	8,000,000	6,859,170	20	2028	5.15	412,000	268,654
2007-60	333/2008	104	20-Nov-08	PIDA	360,000	232,671	10	2018	5.15	18,540	29,985
2007-60	157/2009	105	21-Apr-09	PIDA	73,056	54,062	10	2018	4.9	3,580	6,085
2008-10	638/2009	106	13-Oct-09	Sewer Plant Expansion	7,000,000	6,266,198	20	2029	4.13	289,100	235,072
					16,483,056	14,271,117				773,830	575,057
9925	20005	72	12-Apr-00	RCMP Building	2,500,000	1,288,658	20	2020	6.45	78,750	82,873
9925	20046	73	07-Nov-00	RCMP Building	1,500,000	773,195	20	2020	6.36	47,250	49,724
2003-15	2268	81	22-Apr-04	Storm Sewer	337,500	240,034	20	2024	4.86	16,402	10,207
2004-16	859/2004	85	25-Oct-04	Parks - Land Acquisition	1,680,000	1,194,833	20	2024	4.975	83,580	50,808
2004-18	859/2004	85	25-Oct-04	Road Works - South Main St	195,000	138,686	20	2024	4.975	9,701	5,897
2004-19	859/2004	85	25-Oct-04	Road Design - Main St	150,000	106,682	20	2024	4.975	7,462	4,536
2004-20	859/2004	85	25-Oct-04	Parks - Integrated Waterfront	550,000	391,166	20	2024	4.975	27,362	16,633
2004-21	859/2004	85	25-Oct-04	Parks - Youth Park	50,000	35,561	20	2024	4.975	2,488	1,512
2004-11	1108/2004	93	06-Apr-05	Wine Information Centre	800,000	564,463	20	2025	5.1	31,537	35,341
2004-20	1108-2004	93	06-Apr-05	Parks - Integrated Waterfront	520,000	366,901	20	2025	5.1	20,499	22,972
2004-21	614/2005	95	13-Oct-05	Parks - Youth Park	150,000	110,214	20	2025	4.17	6,255	5,037
2004-18	615/2005	95	13-Oct-05	Parks - Integrated Waterfront	825,000	606,178	20	2025	4.17	34,403	27,705
2006-15	17/07/2006	99	07-Nov-06	Road Works - Fairview & Ind	1,595,000	1,239,719	20	2026	4.43	70,659	53,563
2006-17	17/07/2006	99	07-Nov-06	Parks - Sportsfields	3,200,000	2,487,210	20	2026	4.43	141,760	107,462
2006-18	273/2007	102	27-Mar-07	Queens Park Site Servicing	7,000,000	3,842,086	10	2027	4.82	337,400	583,037
2006-33	273/2007	102	02-Nov-07	Integrated Waterfront 2006	350,000	286,339	20	2027	4.82	16,870	11,754
2006-39	273/2007	102	02-Nov-07	South Okanagan Event Centre	8,000,000	4,390,955	10	2017	4.82	385,600	666,328
2006-76	024/2008	103	23-Apr-08	Wellness Centre	3,000,000	2,572,189	20	2028	4.65	139,500	100,745
2006-39	333/2008	104	20-Nov-08	South Okanagan Event Centre	10,000,000	6,463,080	10	2018	5.15	515,000	832,909
2006-39	333/2008	104	20-Nov-08	South Okanagan Event Centre	8,000,000	1,727,901	5	2013	4.35	348,000	1,477,017
2007-41	333/2008	104	20-Nov-08	Cemetery - Columbarium	2,500,000	2,143,491	20	2028	5.15	128,750	83,954
2007-52	333/2008	104	20-Nov-08	Indoor Soccer Facility	1,000,000	857,396	20	2028	5.15	51,500	33,582
2007-57	333/2008	104	20-Nov-08	Integrated Waterfront	530,000	454,420	20	2028	5.15	27,295	17,798
2007-60	333/2008	104	20-Nov-08	PIDA	1,140,000	736,791	10	2018	5.15	58,710	94,952
2007-60	157/2009	105	21-Apr-09	PIDA	231,344	171,194	10	2018	4.9	11,336	19,269
2007-52	638/2009	106	13-Oct-09	Indoor Soccer Facility	415,000	371,496	20	2029	4.13	17,140	13,936
2007-52	15/03/2010	110	08-Apr-10	Indoor Soccer Facility Phase 2	586,000	545,855	20	2030	4.5	26,370	19,679
2009-14	15/03/2010	110	08-Apr-10	Pool Upgrades	7,400,000	6,893,050	20	2030	4.5	333,000	248,505
2007-52	B25/2011	116	04-Apr-11	Indoor Soccer Facility	135,000	130,466	20	2031	4.2	5,670	4,534
2009-43	B25/2011	116	04-Apr-11	Road Works - Smythe Drive	447,000	431,989	20	2031	4.2	18,774	15,011
					64,786,844	41,562,198				2,999,023	4,697,280
					$99,039,900	$67,599,365				$4,526,303	$5,851,720

CEMETERY PERPETUAL CARE TRUST FUND
STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)

	2012	2011
ASSETS		
Bank Term Deposits	$ 917,419	$ 903,825
Receivables		
Due From General Revenue Fund	- 6,339	3,319
Accrued Interest	-	1,300
	$ 911,080	$ 908,444
SURPLUS		
Balance, Beginning of the Year	908,444	874,611
Add:		
Care Fund Contributions	18,622	21,275
Interest Earned	14,014	12,558
	32,636	33,833
Deduct:		
2012 Cemetery Maintenance	30,000	-
	$ 911,080	$ 908,444

PENTICTON PUBLIC LIBRARY
STATEMENT OF REVENUE AND EXPENDITURE
YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)

	2012	2011
REVENUE		
Grant City of Penticton		
Operating	$ 762,419	$ 744,083
Building and Administration	188,800	188,800
Equipment Depreciation	-	-
Capital	-	-
Grant - Province of B.C. Operating	117,525	123,256
Grant - Outlook/ Legal Services Society	3,778	3,902
Grant - Tech/ Equity	18,887	-
Okanagan Regional Library Contract	68,090	65,450
Interest Earned	-	-
Fines and Fees	26,196	27,599
Miscellaneous Revenue	12,280	19,780
Photocopy Revenue	3,687	3,297
Donations	1,115	939
Legacy/Estate Funds	7,941	6,082
Equipment Replacement Fund	13,777	-
	1,224,494	1,183,188
SURPLUS AT THE BEGINNING OF THE YEAR	22,494	53,002
EXPENDITURE		
Building and Administration	188,800	188,800
Equipment Allowance	7,882	13,777
Equipment Maintenance	22,796	18,881
Acquisitions - Books	133,616	159,523
- Periodicals	15,882	19,790
- Software	-	-
- Videos/ Audio/ Online Subscriptions	8,478	5,179
Book Binding	-	1,063
Office Supplies	31,992	26,406
Postage, Freight, Courier, Mileage	5,032	4,559
Salaries and Benefits	810,905	769,688
Staff/ Trustee Training and Development	2,122	3,762
Telephone/ Fax/ Internet	2,010	2,045
Program Support	410	222
Capital Equipment	-	-
	1,229,926	1,213,696
SURPLUS AT THE END OF THE YEAR	$ 17,062	$ 22,494

permissive tax exemptions

Location	Estimated 2012 Tax Exemption
#101-96 Edmonton Ave	$5,588.63
#102-1825 Main St	$15,462.57
#104-550 Carmi Ave	$1,332.80
1099 Lakeshore Dr. W	$23,472.15
1101 Lakeshore Dr. W	$2,919.06
1140 Commercial Way	$5,580.79
1175 Lakeshore Dr. W	$6,041.99
120 Preston Ave	$2,324.73
1203 Main St	$11,740.56
123 Nanaimo Ave E	$5,101.40
1265 Fairview Rd	$2,087.99
1295 Manitoba St	$10,117.05
1296 Main St	$8,499.89
1299 Manitoba St	$6,761.12
135 Winnipeg St	$5,073.44
1370 Church St	$2,374.87
1498 Government St	$7,067.08
150 Orchard Ave	$6,477.68
150 Van Horne St	$14,780.53
157 Wade Ave. W	$3,162.40
180 Industrial Ave W	$27,545.83
197 Brandon Ave	$5,315.32
199 Marina Way	$39,244.59
200 Bennett Ave	$2,179.74
216 Hastings Ave	$18,294.25
220 Manor Park Ave	$20,487.77
2200 Dartmouth Dr	$26,337.15
234 Van Horne St	$2,961.04
2399 South Main St	$19,026.91
2434 Baskin St	$1,497.59
245 Warren Ave W	$7,625.09
2450 Baskin St	$1,498.24
2469 South Main	$5,235.57
252 Conklin Ave	$2,567.11
257 Brunswick	$3,498.85
270 Hastings Ave	$93,269.50
2800 South Main	$6,979.95
290 Warren Ave	$6,008.30
2905 South Main St	$37,082.23
2946 S. Main Street	$7,858.70
2964 Skaha Lake Rd	$28,829.12
318 Ellis St	$8,445.79
3290 South Main St	$7,946.66
330 Ellis St	$20,323.63
332 Eckhardt Ave W	$3,131.74
343 Ellis St	$5,278.95
361 Wade Ave W.	$3,817.56
393 Winnipeg St	$2,999.12
397 Martin St.	$1,857.81
397 Wade Ave W	$2,074.69
453 Winnipeg St	$20,937.38
456 Main St	$5,789.69
502 Martin St	$6,986.56
505 Railway St	$9,050.66
52 Roy Ave	$4,564.80
523 Jermyn	$3,964.70
553 Railway St	$11,057.13
553 Railway St	$4,569.08
574 Main St	$4,254.24
600 Comox St	$19,029.86
608 Winnipeg	$1,635.86
639 Main St	$12,370.26
65 Preston Ave	$5,013.76
675 Marina Way	$32,106.77
696 Main St	$4,465.33
74 Penticton Ave	$2,258.14
742 Argyle St	$2,770.64
852 Eckhardt	$13,024.88
945 Main St	$9,259.46
973 Main ST	$7,610.17
undisclosed	$4,234.75
Total	**$750,139.64**